

# BEIJING REVIEW

## PLUG AND PLAY

China's new energy vehicle revolution revs its engine

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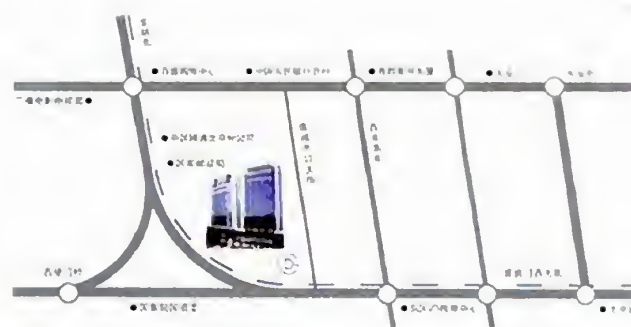
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## BEIJING REVIEW

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## China Goes Electric

By YU SHUJUN

In the history of the auto industry, China is a latecomer, although it became the world's largest auto market in the last two years. Now the country is gearing up to take the lead in at least one field of the auto industry's future: the electric vehicle (EV).

Although these eco-friendly vehicles are rarely seen on the road—only about 10,000 in the country—the EV industry has already sprouted in China.

Data from the Ministry of Industry and Information Technology (MIIT) show as of the end of 2010, 190 models from 54 automakers had been listed in the catalogue of energy-saving and new energy vehicle promotion projects and the output of the 190 models totaled 7,181 last year. New energy vehicles refer to the three types of EVs: plug-in hybrids, pure electric and fuel cell vehicles.

The country's 12th Five-Year Plan (2011-15) includes the EV industry as one of its strategic emerging industries, which are expected to become leading and pillar industries of the national economy. Soon the national standard for the EV industry will come out, a catalyst for EV makers.

The government has also spared no efforts in promoting the use of EVs. Electric buses have been widely used at major events such as the 2008 Beijing Olympic Games and the World Expo 2011 in Shanghai. Currently, EVs are promoted in 25 cities nationwide. In June 2010, the Central Government announced a subsidy program in five cities to encourage private consumer purchases of electric cars. Local governments also provide preferential policies for purchases of EVs and invest heavily in charging facilities.

All this is paving the way for the mass production and wide use of EVs in China, but the road could be a bumpy one.

High prices and a lack of sufficient power charging stations have kept consumers away. Among the 10,000 EVs currently on the road, only about 1,000 were purchased for private use. Most importantly many consumers still doubt whether the EV technology is fully functional. That's what Chinese EV makers have to deal with if they want to be successful in the market.

But this hasn't slowed down China's "going electric" trend. China's ambition has been shown in a development plan for new energy autos, which was submitted by the MIIT to the State Council earlier this year. The plan's goal is to have 500,000 EVs on the road by 2015 and 5 million by 2020.

These goals, still awaiting State Council approval, will be a real challenge for China's burgeoning EV industry. But it at least shows China's resolution in becoming an environmentally friendly country. ■

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## New Finance Heads

New chiefs of China's banking, securities and insurance regulators have been appointed in a recent reshuffle of financial officials.



**Shang Fulin**, 60, former Chairman of the China Securities Regulatory Commission (CSRC) was appointed the new chairman of the China Banking Regulatory Commission (CBRC), replacing 65-year-old Liu Mingkang.

Shang has worked for the People's Bank of China, the central bank of the country, from 1973 to 2000 and served as its deputy governor from 1994 to 1996. From 2000 to 2002, Shang was president of the Agricultural Bank of China (ABC), one the country's four largest state-owned commercial banks. He became chairman of the CSRC in December 2002.



**Guo Shuqing**, 55, former Board Chairman of the China Construction Bank (CCB), also one of the country's four largest state-owned banks, takes over from Shang as chairman of the CSRC.

Guo was the vice governor of inland Guizhou Province from 1998 to 2001. From 2001 to 2005, he was appointed vice governor of the central bank and chairman of the State Administration of Foreign Exchange, China's foreign exchange regulator. From 2005 to 2011, he was appointed board chairman of the CCB to put his knowledge of global finance to good use for the benefit of the capital markets. Seven months after Guo took over, CCB sold shares publicly for the first time in Hong Kong and two years later in Shanghai, making it the first state-owned Chinese lender to float shares on both bourses.



**Xiang Junbo**, 54, former Board Chairman at the ABC, was appointed as chairman of the China Insurance Regulatory Commission (CIRC).

Xiang has worked for the National Audit Office from 1996 to 2004, and became its deputy auditor general from 2002 to 2004. From 2004 to 2007, he was central bank's deputy governor, and joined the ABC in 2007. During Xiang's term in the ABC, he completed the seemingly impossible mission by making it a listed bank in both Hong Kong and Shanghai.

## Three Gorges' Recorder

**She Daike**, a famous photographer in China, has drawn media's attention recently for recording the changes of the Three Gorges for decades with his camera.

She, 66, was born in Wushan County of Chongqing Municipality, an important area of the reservoir of the Three Gorges. Ever since he started taking photos in 1968, he has been shooting scenery along the Three Gorges. Over the past decades, he has shot more than 10,000 pictures of the Three Gorges, demonstrating its changes to natural environment and man-made landscapes.

He has published many works on the Three Gorges and has held more than 30 exhibitions in China and foreign countries. He is now planning on publishing a historical book about the changes to the Three Gorges area.



**“China will, as before, encourage foreign business people to invest in China, especially in fields concerning natural resources and energy efficiency.”**

Chinese Vice Premier Li Keqiang, during a meeting with Gerard Mestrallet, CEO of the French energy giant GDF Suez, in Beijing on October 31

**“China's CPI, the measure of inflation, is likely to fall to 2.8 percent from the anticipated annual growth of 5.5 percent this year.”**

Li Daokui, academic advisor and member of the Monetary Policy Committee of the People's Bank of China, at an economic forum held by HSBC in Beijing on October 29

**“This commission always observes China through tinted glasses. The report is totally factitious, made with ulterior motives, and does not warrant refuting.”**

Chinese Foreign Ministry spokesman Hong Lei, at a press conference in Beijing on October 31 when questioned about a recent report by Sino-U.S. Economic and Security Review Commission on an accusation that China had hacked into a U.S. satellite system

**“The food crisis is far from over. Prices remain volatile and millions of people around the world are still suffering.”**

World Bank President Robert B. Zoellick, in Washington D.C. on November 1, saying leaders from the world's major economies should continue to pay attention to the challenging issue, ahead of the upcoming Cannes G20 summit in France

**“We were to have made a 60-million-dollar payment to UNESCO in November and we will not be making that payment.”**

U.S. State Department spokeswoman Victoria Nuland, announcing that the U.S. Government has halted making financial contributions to UNESCO after the latter admitted the Palestinian National Authority as a full member on October 31 in Washington, D.C.

**“It (the execution) has created an uneasy feeling about the situation in Libya.”**

South African President Jacob Zuma, at a business meeting in Cape Town on November 1 about Libya's future following the execution of former Libyan leader Muammar Gaddafi



## OPINION

## Faulty Stimuli

A primary school in Xi'an, northwest China's Shaanxi Province, recently demanded its students who do not perform well in school to wear green scarves rather than the red scarves, a symbol of the Young Pioneers of China, a mass youth organization for children aged 6 to 14 in the country. The school said the method is meant to encourage students to work harder and catch up with those who wear red scarves.

Shortly after that, a similar situation occurred in a middle school in Baotou, north China's Inner Mongolia Autonomous Region. The students whose scores ranked among the top 50 of the grade and were making progress in study were awarded distinctive red school uniforms, to separate them from ordinary students.

The two cities have stopped their ridiculous measures because of public opposition. Both cases reflect the simplistic and faulty thinking that academic performance is the only criteria to evaluate students. It is unequal treatment to students. As a result, young students may gradually develop improper values and outlooks on life. Any measures that divide students into different groups and label them good or bad should be banned in the future.

*West China Metropolis Daily*

## Lack of Fitness

Recently, football teams from Beijing's two primary schools were beaten by a visiting Russian primary school football team by 0-15 and 3-7.

It is reported that the Russian football team has undergone professional training, but

Beijing's young football players were totally amateur lovers of the sport. The failures seem to be understandable. But the real problem is Chinese students' poor fitness. After 20 minutes' playing, Chinese students became exhausted and ran out of breath, a sharp contrast to the vigorous Russian children. This is not an individual case of Beijing's children, but the general situation around China. In the past 10 years, Chinese adolescents' health indexes have deteriorated, with the obesity rate surpassing that of developed countries and the poor vision rate for junior middle school students approaching 60 percent, senior middle school students 76 percent and college students almost 83 percent.

For years, an exam-oriented education system has forced schools and parents to impose as many books as possible on students, and all students are told the only thing that matters is to enter prestigious universities. Physical education classes are squeezed and sometimes cancelled. Parents are also neglecting children's physical exercise. They spend a lot of money on children's study, but seldom on children's physical development. The large margin of the football match scores is a warning to every teacher and parent in China.

*People's Daily*

## Prejudicial Media Behavior

A baby in Shenzhen, south China's Guangdong Province, was taken to Shenzhen Children's Hospital for treatment, and the hospital said the baby needed an operation that would cost tens of thousands of yuan. Later, the parents transferred the baby to another hospital which claimed that it would manage the disease and charge the parents less than 1 yuan (\$0.15). The first hospital

soon became a target of criticism, especially after massive media publicity.

But, in the second hospital, the baby's health began to deteriorate and the parents had to move it to a hospital in central China's Hubei Province, where the diagnosis and treatment were the same as the first hospital. The baby has recovered after a surgical operation in Hubei. The parents apologized to the first hospital.

We have to ask, what role did the media play in the whole thing? They kept escalating the conflict by writing prejudiced reports about the first hospital. The media believed the parents' words without checking and wronged the first hospital. The media were supposed to take an impartial attitude toward the matter and act prudently as objective bystanders. If they had given the first hospital a bigger voice, and kept alert to parents' exaggerated descriptions of issues, the media could have avoided the embarrassment of misreporting.

Every profession has its code of conduct, with no exception for the media. Journalists should not report based on their own imaginations, but should look at facts.

*China Youth Daily*

## Bestseller Lists

China's publishing industry is now booming. Readers are able to freely choose from numerous titles, and sometimes this makes it difficult for them to decide what to buy. Bestseller lists seem to be able to solve this problem. But it is said that booksellers manage to move their books to the top of these lists.

A bestseller list is both cultural and commercial, but by no means should its cultural nature be transformed. If there are commercial interests and hidden tactics in making best-seller lists, then such lists are nothing but advertisements, unqualified to guide the public's book shopping.

This problem demands a balance between cultural nature and commercial interests. On one hand, commercial interests are important; on the other hand, lists should continue to be reliable guidelines for shoppers. Nowadays, bestseller lists are more commercial and are increasingly becoming tools for publishers and booksellers to chase huge profits. Gradually, the public will not believe these lists.

As for book-related businessmen, it's better for them to spend more time in producing quality books than using trickery to increase sales. Books are not ordinary commodities. Selling books is doing business, but it also is spreading culture. Those who are involved in the business must not surrender cultural responsibility to commercial interests.

*Yangcheng Evening News*



**RUN, KICK, PLAY:** A Beijing primary school soccer players competes against a Russian team. The Beijing team lost 0-15





# Splendor In Vienna

Dancers from a ballet school in Austria and a middle school orchestra from China perform during a concert at the Golden Hall in Vienna, Austria, on November 2.

The concert was held to celebrate the 40th anniversary of the establishment of diplomatic relations between the two countries. A local children's choir also joined the performance.

The orchestra, the Jinfan Blasorchester of the Beijing No.80 Middle School, has won a number of awards in China and attended international exchange performances many times.



## SOCIETY

## More Grass-Root Delegates

The Communist Party of China (CPC) will include more delegates from the grass-roots level, including migrant workers, at the Party's 18th National Congress slated for 2012.

The minimum proportion of grass-roots delegates attending the event will be 32 percent, 2 percentage points higher than at the previous congress in 2007, said a statement released by the Organization Department of the CPC Central Committee on November 2.

The maximum proportion of leaders and cadres will be 68 percent. Worker delegates must take up 10 percent of the total delegates and they should be made up of those from public and private enterprises in industrial and service sectors, the statement said.

Among the worker delegates, migrant workers will take a proper proportion, according to the statement.

The 18th CPC National Congress will be held in Beijing in the second half of 2012. The congress typically convenes once every five years.

## Fingerprints for ID cards

China's top legislature adopted an amendment to the Resident Identity Card Law on October 29 in a bid to better protect the personal information stored in citizens' identity cards.

The Standing Committee of the National People's Congress approved a proposal which will make it compulsory for citizens to submit fingerprints when they apply for or change ID cards.

Lawmakers held that including fingerprints in ID cards would help identify people in a faster and more precise manner and would effectively curb the counterfeiting and altering of the cards.

The amendment also increased the punishment for those found guilty of leaking citizens' personal information.



**MASTER OF PAPER** Nie Fangjun, a 79-year-old craftsman, paints a paper dragon at his studio in Fenghuang County, central China's Hunan Province. His paper crafts were listed as a state-level intangible cultural heritage in 2008

The amendment will take effect on January 1, 2012.

## Extending Compulsory Education

Shenzhen is considering extending its nine years of compulsory education to 15.

The extension would comprise three more years of both preschool and senior high school.

The draft proposal was submitted to the Shenzhen People's Congress Standing Committee for discussion on October 26.

Hu Xintian, Director of the Policy and Regulation Department of the Shenzhen Education Bureau, said extended compulsory education would require more government investment.

Last year, the city's kindergartens enrolled 111,000 children and senior high schools 58,583 students, bureau statistics showed. That means if compulsory education is extended, it will cover an extra 170,000 students each year.

Statistics also show the city's budget for education in 2011 was 9.06 billion yuan (\$1.33 billion), accounting for 6 percent of the total government expenditure, up 35.4 percent year on year.

## Biofuel Test Flight

Air China became the first Chinese carrier to conduct a demonstration flight powered in part by biofuel, demonstrating the alternative fuel's possible use in future commercial flights in the country, Xinhua News Agency reported on October 28.

The Beijing-based airline company, also China's flag carrier, made the flight with a Boeing 747-400. The jumbo jet took off at 8:30 a.m. and landed successfully at the Beijing Capital International Airport at 9:30 a.m. after the one-hour test flight.

One engine of the plane ran on a mixture of half biofuel and half traditional jet fuel. The other three ran solely on jet fuel. The test flight consumed more than 10 tons of biofuel, according to Xinhua's report.

During the flight, the aircraft reached an altitude of 11,000 meters. The flight crew conducted various tests to analyze the technical aspects of using biofuel.

The alternative fuel used in this flight was derived from jatropha seeds, which contain about 40 percent oil. It was developed and produced by China National Petroleum Corp. after 10 years of research and development.



**READING FREELY** A reader browses books in a pyramid-shaped outdoor bookstore in Changsha, central China's Hunan Province, on November 1



**WITH EYES CLOSED** A nurse at the No.2 People's Hospital in Weifang of Shandong Province on November 2 helps a patient use a device designed to cure obstructive sleep apnea



## ECONOMY

### Tax Adjustments

China raised thresholds for levying value-added and business taxes on November 1.

The value-added tax threshold will be increased to between 5,000 yuan (\$790) and 20,000 yuan (\$3,150), in terms of monthly sales revenues, from the previous threshold of 2,000 to 5,000 yuan (\$315-790), said the Ministry of Finance.

Meanwhile, the threshold for levying the business tax will be raised to 5,000-20,000 yuan from the previous 1,000-5,000 yuan (\$158-790).

The adjustments came after a decision made by the State Council to enhance financial support for the country's cash-strapped small and micro enterprises.

### Reduced Ship Orders

The Chinese shipbuilding industry suffered drastic declines in new orders in September, as the growth of the global ocean shipping market almost stalled amid economic slowdown.

New shipbuilding orders in September fell to 940,000 deadweight tons, the lowest monthly figure since June 2009, said the National Development and Reform Commission (NDRC).

About 30 percent of China's 1,526 shipbuilding enterprises received no new orders in September, forcing some of the small and medium-sized ones to shut or stop production.

As a result of shrinking orders and rising costs, 249 enterprises suffered losses in the first eight months of 2011, 37.9 percent more than a year ago. Their total losses stood at 2.66 billion yuan (\$420 million) at the end of August, said the NDRC.

### Train Payment

CSR Corp. Ltd., China's major train manufacturer, said it received payment of trade receivables of nearly 6 billion yuan

(\$923 million) from the Ministry of Railways (MOR) on November 1.

The company is expected to receive most of the total account of receivables in November and December.

Zhao Xiaogang, Chairman of CSR, attributed the MOR's weak payment capacity to the sluggish global economic environment.

Chinese authorities have agreed to take steps to secure financial support for major cash-strapped railway projects in the country's latest move to help the crippled sector.

The MOR will get more than 200 billion yuan (\$31.5 billion) of financial support to ensure payment and improve liquidity, according to sources with the ministry.

### Banking in Shanghai

Bank Mandiri, Indonesia's largest state-owned bank, plans to open a branch office in Shanghai on November 17, in a bid to facilitate transactions, local media in Jakarta reported on November 1.

Mandiri President Director Zulkifli Zaini was quoted by the *Jakarta Post* as saying that transactions using yuan would start in 2014.

With the establishment of the Mandiri Shanghai branch, which has been planned since 2006, Zulkifli said that as of 2014 Indonesians could directly transfer an amount of money from yuan to rupiah with no need of converting first into U.S. dollars.



ZHANG AILIN

**NEW BUSINESS HUB** The Qinzhou Bonded Port Area passes state inspection and officially opens for international auto trade in southwest China's Guangxi Zhuang Autonomous Region on November 1, 2011



XIAO YUJIE

**A GRAND PROJECT**  
The Three Gorges Dam under lights at night on October 30, when the water level of the dam reached its designed full capacity



LI WENMING

**SHOW YOUR HANDS**  
A visitor poses before a poster of the 12th World Cartoon Conference at the China Animation Game Center in Beijing on October 30, the closing day of the event



1. UN

Palestinian Foreign Minister Riyad al-Malki speaks at the UNESCO headquarters in Paris on October 31 after Palestinians won a crucial vote to enter the organization as a full member



2. THAILAND

A man sits on a boat as he evacuates his apartment on November 2 during floods in Bangkok. The death toll of Thailand's worst floods in decades had surged to 384 by the end of October



3. LIBYA

Forces loyal to Libya's new authorities take part in a military parade in Tripoli on November 2



5





#### 4. INDONESIA

Indonesian commandos participate in an antiterrorism drill in Jakarta on October 27



XINHUA/AFIP

4

#### 5. MOROCCO

Secretary General of the Moroccan Ministry of Agriculture Moha Marghi drives a harvester donated by the Chinese Government in Kenitra on November 1



XINHUA/AFIP

#### 6. THE UNITED STATES

Fireworks explode over the *Statue of Liberty* in New York City on October 28 in celebration of the 125th anniversary of the statue's dedication



XINHUA/AFIP

6



# Getting Reacquainted

China and Japan seek to foster mutual understanding to improve a sometimes difficult relationship

By MIAO XIAOYANG

**A**t a time when China and Japan are about to celebrate their four-decade-long diplomatic ties, the two countries should strengthen cooperation in diverse fields while fostering good feelings toward each other, said Tang Jiaxuan, a former Chinese State Councilor.

Next year will mark the 40th anniversary of the normalization of diplomatic relations between China and Japan. "This will be a new milestone in the history of bilateral relations and will provide new and significant opportunities for the development of bilateral relations," Tang, chair of the Chinese delegation, said at the third meeting of the Fifth 21st Century Committee for China-Japan Friendship.

The 21st Century Committee for China-Japan Friendship, established in 1984, is an advisory body for the two countries' governments. It consists of eminent personalities from different communities of the two countries.

Committee members agreed during the meeting, held on October 23-25 in Beijing and Changsha that it is imperative that China and Japan, neighbors often troubled by historical disputes and clashes over practical interests, enhance mutual understanding and trust.

## Building trust

A lack of political trust and friendly emotions continues to haunt Sino-Japanese

relations, Tang said. Bolstering political trust and enhancing friendship will therefore be two "systematic programs" the two countries should jointly advance.

Complicated factors, including historical issues and nationalist sentiments, have led to insufficient mutual political trust between China and Japan. The Chinese are indignant at Japanese right wing's attempts to white-wash wartime history. Disputes over the sovereignty of the Diaoyu Islands in the East China Sea also flare up from time to time.

Also, some Japanese have suspicions about China's rapid development and national defense modernization. They have touted the so-called "China threat theory," which is detrimental to the sound development of bilateral relations.

Taizo Nishimuro, former President of the Tokyo Stock Exchange and chair of the Japanese delegation, said China and Japan should increase communication at various levels to promote mutual trust in political and security affairs for the long-term and stable development of bilateral relations.

During Chinese President Hu Jintao's state visit to Japan in 2008, the two sides issued a fourth political document, which stated that the two countries "are partners and do not constitute a threat to each other" and they will "support each other's peaceful development."

The two sides should strengthen dialogue and exchange between various sectors

including governments, political parties and parliaments to implement this important political consensus, Tang said.

Zhou Mingwei, President of the China International Publishing Group (CIPG), said to establish mutual political trust, the two sides must push for a shift in people's thinking.

## Enhancing friendship

To enhance friendship among Chinese and Japanese people, China and Japan should give full play to their unique advantages such as geographical proximity and cultural similarity and actively expand personnel exchanges by mobilizing both governmental and non-governmental resources, Tang said.

"The two sides should work together to create an objective and friendly public opinion environment," he added. "The media of both countries should strengthen exchanges, increase mutual understanding, enhance the sense of responsibility, avoid malicious speculation and serve as a bridge for the improvement and development of bilateral relations."

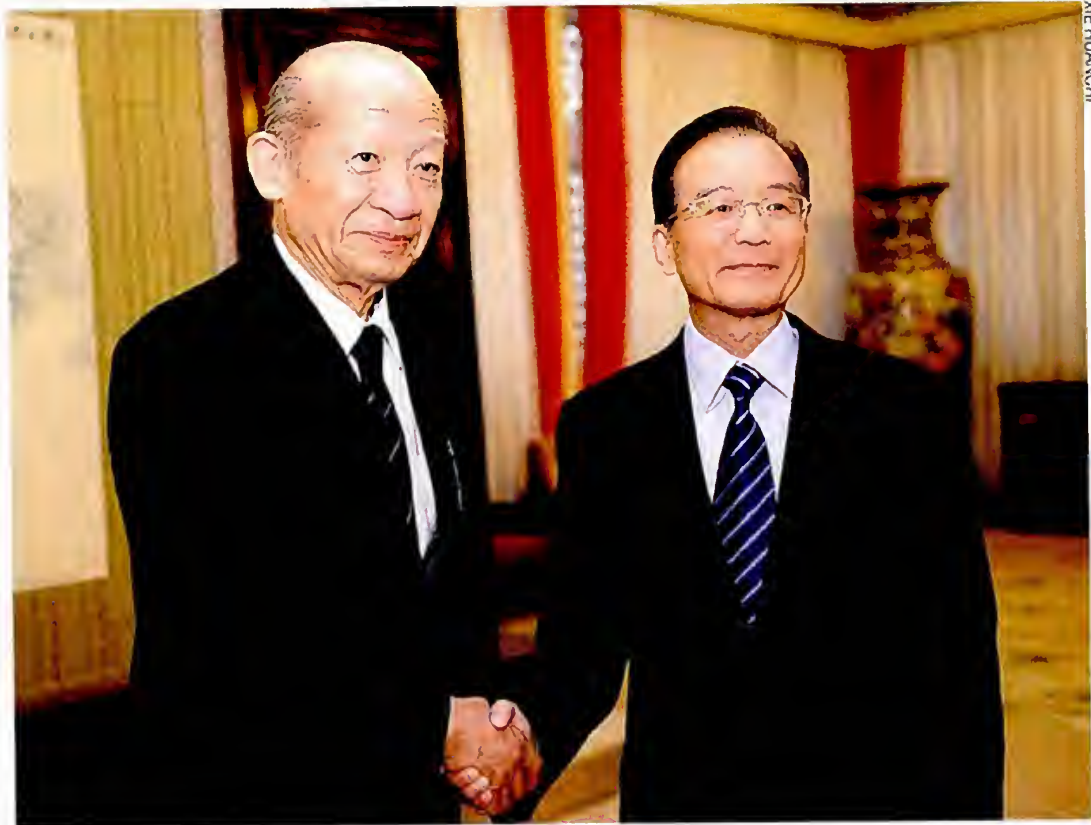
Zhou said social elites, opinion leaders and media of both sides have the responsibility to help the Chinese and Japanese governments and people adopt a reasonable attitude toward Sino-Japanese relations. In other words, when friction breaks out, the two countries should give top priority to their overall relationship, and shouldn't let problems in certain aspects influence the overall



MIAO XIAOYANG

**ADVISORY PANEL:** Committee members attend the third meeting of the Fifth 21st Century Committee for China-Japan Friendship in Beijing on October 23





**CALLS FOR COOPERATION:** Chinese Premier Wen Jiabao meets Taizo Nishimuro, chair of the Japanese side of the Fifth 21st Century Committee for China-Japan Friendship, in Beijing on October 22

development of their relationship.

They should also guide public opinion in a positive direction, rather than playing up negative reports, he said.

For instance, over 60 percent of Chinese and nearly 80 percent Japanese respondents in a recent poll in both countries sponsored by *China Daily* and Japanese non-profit think tank Genron NPO said they did not have favorable opinions of the other country.

If viewed in a positive light, the poll can help Chinese and Japanese people realize the urgency and importance of enhancing friendship, Zhou said. But if approached negatively, it may magnify unconstructive factors in Sino-Japanese relations.

The media are obligated to present China and Japan truthfully to the general public, said Hiroko Kuniya, a well-known NHK announcer. Unfortunately, the two countries' national images portrayed by the media are often shaped by nationalism.

### Boosting cooperation

"Post-disaster reconstruction remains at the top of the Japanese Government's agenda," said Wei Jiafu, Chairman of the Board of the China Ocean Shipping (Group) Co. "There will be huge demand for cement, construction machines, and agricultural products in Japan."

China will provide massive assistance, such as building materials, labor services, consumer goods and food, for Japan during its post-disaster reconstruction, and cooperation will grow as reconstruction continues, he said.

Hiroshi Yoshikawa, a professor with the University of Tokyo, said the negative impact

from the March 11 earthquake and tsunami on Japan's industry will be temporary.

Japan successfully recovered from the 1923 Tokyo earthquake, which was more devastating than this year's earthquake. "The earthquake will not adversely influence bilateral economic cooperation; instead, Sino-Japanese economic ties will be even stronger in the future," said Yoshikawa.

At a meeting with members of the Fifth 21st Century Committee for China-Japan Friendship in Beijing on October 24, Chinese Foreign Minister Yang Jiechi said the Sino-Japanese relationship has gone smoothly since the new Japanese cabinet was formed in September, and now is a precious opportunity to develop the bilateral relationship.

Nishimuro said it was time to encourage Japanese Foreign Minister Koichiro Gamba and Prime Minister Yoshihiko Noda to visit China as soon as possible.

He said China has made great efforts to boost the bilateral relationship since Japan's earthquake and Japan should also do something. Chinese Premier Wen Jiabao visited disaster-hit regions in Japan in May to demonstrate China's support for Japan's reconstruction efforts before attending the fourth trilateral summit of China, Japan and South Korea in Tokyo.

Nishimuro said the Japanese cabinet led by Noda is a "creative cabinet." He hoped Noda would be cautious and avoid making comments that might cause misunderstandings.

Tang said he hoped Noda would be an "Asia-oriented politician" willing to push forward mutually beneficial cooperation with China and other Asian nations. ■

### Areas for Cooperation

At the third meeting of the Fifth China-Japan Friendship Committee for the 21st Century, Tang Jiaxuan, chair of the Chinese side, proposed five major areas for Sino-Japanese cooperation:

- **Green economy.** The two sides should actively develop big cooperative projects in this area and let them play a leading role in transforming and upgrading bilateral economic and trade cooperation.

- **Post-disaster reconstruction and disaster prevention and reduction.** The two sides should strengthen pragmatic exchange and cooperation and learn from each other. They should work together to build an effective safety network to jointly respond to major disasters.

- **Asia-Pacific integration.** The two sides should maintain close communication on major issues related to the future pattern of regional cooperation. They should engage in regional economic integration and promote regional cooperation along the track of mutual benefit and win-win cooperation. They should work together to promote the six-party talks aimed at resolving the Korean Peninsula nuclear issue and the building of a peace mechanism in Northeast Asia.

- **Dealing with global issues.** The two sides should make full use of the UN, the Group of 20, APEC and other multi-lateral platforms and maintain close communication and cooperation on global issues.

- **Marine affairs.** The two sides should handle marine-related issues through dialogue and consultation in a prudent and proper manner. Top priorities are to strengthen emergency management and control over marine affairs and to establish a marine emergency management mechanism. The two sides should try to make the East China Sea and the West Pacific peaceful, friendly and cooperative waters.

(Source: China's Ministry of Foreign Affairs)



# Washington Looks to the East

The United States appears poised to use the Hawaii APEC Summit to bolster its presence in the Asia Pacific

By CHEN XIANGYANG



**T**he United States will host the 19th APEC Economic Leaders' Meeting in Honolulu, Hawaii, on November 12-13. The 21-member APEC is a premier forum for facilitating economic growth,

cooperation, trade and investment in the Asia-Pacific region.

This summit is aimed at building a "seamless regional economy." It will focus on three topics: strengthening regional economic integration and expanding trade; promoting green growth; and expanding regulatory cooperation and advancing regulatory convergence.

## Expectations

The United States holds great expectations for this summit, and has been preparing for it for a long time. Predictably, U.S. President Barack Obama will be the dominant figure at the meeting.

Why is the United States attaching so much importance to the meeting? This is the first time the United States has hosted the APEC Summit since 1993 when the Fifth APEC Summit was held in Seattle. But this is not the main reason. The main reason is this summit carries extraordinary significance for the U.S. Government.

Although three years has passed since the global financial crisis broke out in September 2008, the United States has yet to escape its impact. The U.S. economy remains sluggish, with weak GDP growth and an unemployment rate up to 9.1 percent. Currently, its government debt and fiscal deficit remain high. To boost the economy has become Obama's top priority. Whether he can succeed in this task will directly determine his political career in the 2012 presidential campaign.

Against this backdrop, the United States has paid special attention to cementing

economic ties with other countries. One of its major focuses is the Asia-Pacific region, which is enjoying the most rapid growth across the globe. Currently, APEC economies account for 43 percent of global trade and 55 percent of global GDP. With a market of 2.7 billion consumers, they purchase 58 percent of U.S. exported goods. Of the 15 biggest trade partners of the United States, seven are APEC members. Of course, the United States will make the most of this summit to satisfy its strategic needs.

Recently, U.S. Secretary of State Hillary Clinton has been active in promoting this summit. She published an article titled America's Pacific Century in the *Foreign Policy* magazine of October 11, 2011. Then, she delivered four consecutive speeches on U.S. economic strategy.

The United States sees great value in this upcoming summit partly because it intends to forcefully promote the establishment of a Free Trade Area of the Asia Pacific through hosting this summit, so as to counterbalance regional cooperation in East Asia.

In order to prevent the United States from being excluded from East Asian cooperation, after this APEC Summit, Obama will attend the East Asia Summit in Indonesia on November 19. It will be the first time for him to attend this event.

Moreover, the United States plans to make use of this summit to seek dominance in the Asia-Pacific region in keeping with its strategy of "return to Asia." It also intends to take the lead in building a new Asia-Pacific economic cooperation framework by pushing for the Trans-Pacific Strategic Economic Partnership Agreement (TPP) at the summit.

All these economic measures, coupled with security cooperation with its allies, are designed to enhance the U.S. strategic influence in the Asia-Pacific region.

Launched in 2006 by Singapore, New Zealand and Chile with the aim of promoting regional economic cooperation, the TPP currently includes nine members: Australia, Brunei, Chile, New Zealand, Peru, Singapore, Viet Nam, the United States and Malaysia.

The United States is striving to sign preliminary agreements with the other eight TPP



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**OUTLINING STRATEGY:** U.S. Secretary of State Hillary Clinton gives a keynote speech at the APEC Women and the Economy Summit in San Francisco on September 16

members or even more countries. Through the so-called “high-standard TPP,” it aspires to restructure the current East Asian regional economic cooperation mechanism and build a new Asia-Pacific economic order led by the United States.

“Our hope is that a TPP agreement with high standards can serve as a benchmark for future agreements—and grow to serve as

a platform for broader regional interaction and eventually a free trade area of the Asia Pacific,” said Clinton in her article *America’s Pacific Century*.

The Americans believe trade agreements need to include strong protection for workers, the environment, intellectual property, and innovation. The free flow of information technology and the spread of green technology should also be promoted, Clinton said.

### Adjustments

The U.S. enthusiasm for the APEC Summit provides evidence of Washington’s global strategy adjustments. In order to adapt to changes at home and abroad in the post-financial crisis period, the United States is modifying its foreign strategies by pursuing two major shifts.

First, the United States is striving to shift the focus of its foreign policy from national security to economy. It emphasizes diplomacy should help reinvigorate the U.S. economy, expand exports and increase employment.

The U.S. emphasis on the economic work of APEC is in keeping with its broader commitment to elevating economic statecraft as a pillar of American foreign policy, Clinton said. Economic progress depends on strong diplomatic ties, and diplomatic progress depends on strong economic ties.

“A focus on promoting American prosperity means a greater focus on trade and economic openness in the Asia Pacific ... As we strive to meet President Obama’s goal of doubling exports by 2015, we are looking for opportunities to do even more business in Asia,” said Clinton.

In 2010, U.S. exports to the Pacific Rim

**Given the drastic changes in the Asia Pacific, it will definitely be difficult for the United States to realize its ambitions of ensuring U.S. dominance in the region while saving its economy**

totaled \$320 billion, supporting 850,000 American jobs.

Second, the United States is trying to shift its geopolitical focus from the Greater Middle East, which covers West Asia and South Asia, to the dynamic Asia-Pacific region. Based on this thinking, it will host a high-profile APEC Summit, participate in the East Asia Summit, and use smart power extensively in the Asia-Pacific region.

On the one hand, it will play a leading role in maritime issues and other Asia-Pacific security issues with its military supremacy in the region. On the other hand, it will make up for its inadequate economic presence in the region, especially in East Asian regional cooperation. Through this, it aims to ensure U.S. dominance in the Asia Pacific while saving its economy.

The two major shifts are shown clearly in an economic and foreign policy speech of Clinton in New York City on October 14.

Economic statecraft must be at “the heart” of U.S. foreign policy, said Clinton.

“As we end the war in Iraq and begin bringing troops back from Afghanistan, we are making an important pivot. The world’s strategic and economic center of gravity is shifting east, and we are focusing more on the Asia-Pacific region,” Clinton said.

The United States is not only a resident military and diplomatic power in Asia, but also a resident economic power, said Clinton.

All her statements prove the United States will make every effort to return to the Asia Pacific. But it wants more than a return. It aims to seek dominance in the region. But given the drastic changes in the Asia Pacific, it will definitely be difficult for the United States to realize its ambitions. ■



**PROTESTING:** South Koreans rally against the U.S.-South Korean Free Trade Agreement in Seoul on October 15



# After You

The United States and North Korea still waiting for each other to make the first move

By SHI YONGMING



**N**orth Korea and the United States completed a two-day round of talks in Geneva, Switzerland, on October 25. The talks were moving in a positive direction and

differences were narrowed, said Stephen Bosworth, U.S. Special Representative for North Korea Policy. Despite this comment, the talks produced no concrete results.

Many changes have taken place on the Korean Peninsula since the September 19 Joint Statement was issued at the six-party talks in 2005. According to the joint statement, all parties should commit themselves to the principle that the Korean Peninsula should be denuclearized.

These changes have made it difficult for the implementation of the joint statement. Also, they have destroyed the political mutual trust between North Korea and South Korea, and between North Korea and the United States. Returning to talks presents substantial challenges to both the United States and North Korea.

## Distrust

Both sides adopted a cautious manner at the Geneva talks. This attitude shows both have a clear mind about the difficulties. In fact, although North Korea has been seeking talks with the United States and expressing its willingness to restore the six-party talks, the United States has responded indifferently. This is largely because of its extreme distrust of North Korea, which quit the six-party talks in April 2009.

This distrust comes from two aspects: One is the United States believes North Korea lacks sincerity on denuclearization; and the other is the United States regards North Korea's policy toward South Korea as aggressive.

The United States seems to have good reason for its doubt over North Korean sincerity on denuclearization. North Korea did not abandon its nuclear program after the September 19 Joint Statement was adopted, but conducted a second nuclear test in May

2009. It was the result of a series of complex issues, including disputes on how to verify the dismantlement of nuclear weapons, the deterioration of North-South Korean relations after South Korean President Lee Myung Bak took office in 2008, and the tough measures taken by the United States, Japan and South Korea to deal with North Korea's alleged test satellite launch in April 2009. But these issues could not change the nature of the second nuclear test as a violation of the September 19 Joint Statement.

North Korea has repeatedly denied carrying out a uranium enrichment program for years. But last November it presented its uranium enrichment equipment to U.S. experts.

In addition, tensions on the Korean Peninsula were exacerbated by the sinking of the South Korean warship *Cheonan* in March 2010 and the exchange of fire on the Yeonpyeong Island in November 2010.

Three days after the talks, on October 28, U.S. and South Korean defense chiefs held the 43rd U.S.-South Korean Security Consultative Meeting. The two sides issued a joint statement, pledging to complete a joint operational plan to deal with "North Korean aggression" and jointly develop a military deterrent to tackle nuclear and weapons of mass destruction threats from North Korea. U.S. Defense Secretary Leon Panetta expressed suspicions over North Korea's sincerity to abandon its nuclear program.

Once again we see the contradiction of U.S. policies. While having talks with North Korea, requiring North Korea to stop uranium enrichment to show its sincerity, the United States demonstrates strong military hostility against North Korea.

This serves as proof of the difficulties in the rebuilding of basic mutual trust, which is essential for negotiations between the two countries. Without big efforts, it is hard to overcome these difficulties.

## Impasse

The factors driving North Korea to agree to resume the six-party talks without conditions are complicated. The exchange of fire on the Yeonpyeong Island has led North Korea's confrontation with South Korea and the United States to a dead end. If this confrontation continues, the consequence can be dangerous. Neither the peninsula nor neigh-



boring countries would like to see it happen.

Currently, North Korea faces two domestic challenges—power transition and economic development. External tensions are obviously not conducive to solving these domestic problems.

China and Russia have adopted a policy of promoting talks to help ease tensions on the peninsula. During his visit to North Korea and South Korea on October 23-27, Chinese Vice Premier Li Keqiang called for efforts to resume talks and advance the goal of Korean Peninsula denuclearization.

However, the United States and South Korea have always harbored suspicions over the real purpose of North Korea's pledge to return to the six-party talks. Many believe North Korea doesn't really want to abandon its nuclear program, and its real purpose is to gain time to improve its domestic situation.

This opinion was given more solid ground by NATO's recent military actions. Shortly after NATO began bombing Libya on March 19, the North Korean Foreign

The author is an associate research fellow with the China Institute of International Studies





**DIFFICULT TALK:**  
North Korean chief negotiator Kim Gye Gwan (center) leaves after talks with the United States in Geneva on October 25

XINHUA

XINHUA



**STRENGTHENED ALLIANCE:**  
Visiting U.S. Defense Secretary Leon Panetta attends a welcoming ceremony with South Korean Defense Minister Kim Tae Young in Seoul on October 27

Ministry accused NATO of trampling the Libyan people's dignity and right to exist. It condemned NATO's actions as a "hideous crime against humanity," and emphasized

**U.S. distrust of North Korea comes from two aspects: One is the United States believes North Korea lacks sincerity on denuclearization; and the other is the United States regards North Korea's policy toward South Korea as aggressive**

it was North Korea's self-defense capacity that helped maintain peace on the Korean Peninsula and avoid war.

On May 10, when NATO launched precision air strikes against Tripoli, its missiles caused damage to the North Korean Embassy 500 meters away from the target. Many believed NATO's military operations in Libya strengthened the North Korean belief in the necessity of developing nuclear weapons.

Against this backdrop, the United States needs to make more efforts to convince North Korea that it won't launch military strikes against North Korea in the future. But Panetta reiterated on October 28 if the United States finds evidence of North Korea using nuclear weapons, missiles, bio-chemical weapons and other weapons of mass destruction, it will make full use of military force including a nuclear umbrella, conventional weapons and missile defense capabilities to provide extended deterrent for South Korea. This statement sounds just like a pre-emptive policy.

The confusing interactions between

North Korea and the United States have made it difficult for them to find a new point to restart their relations.

## Conflicts

A task more difficult than finding a re-starting point for North Korea and the United States is to overcome strategic barriers because the two countries' strategic goals run counter to each other.

North Korea needs guarantees from the United States, including the U.S. recognition of its political system, a promise not to invade North Korea, the signing of a U.S.-North Korean peace agreement, and the establishment of normal diplomatic relations.

However, even if the United States is willing to make these promises, will North Korea believe it? U.S. behavior in the international community in recent years—from supporting "color revolutions" in Eastern Europe in the early 2000s and protests that overthrew governments in several countries in the Middle East this year to helping topple Muammar Gaddafi's regime in Libya with air strikes—shows the United States doesn't have much tolerance for so-called "authoritarian regimes." Considering this, North Korea is not sure under what circumstances it can truly fulfill its denuclearization promise.

Many people hope that North Korea can adopt a reform and opening-up policy like China. But China and North Korea have strong differences in terms of cultural traditions and international environment. North Korea faces a difficult choice whether it should gain security guarantees by carrying out social transition or starting to pursue social transition after it obtains security guarantees.

Currently, the U.S. strategy in the Asia-Pacific region focuses on maintaining its control over the region. The key of this strategy is to strengthen military alliances to ensure the U.S. control over regional security.

As far as the Korean Peninsula is concerned, the United States aims to strengthen its alliance with South Korea, help promote South Korea's military deterrent capacity, and develop a military cooperation mechanism between the United States, South Korea and Japan.

Under this strategy, it seems the United States does not need to negotiate with North Korea, because if North Korea dares to challenge it, it will be able to thoroughly solve the problem with force.

The United States holds talks with North Korea partly because it wants to stop North Korea from continuing to develop nuclear weapons and partly because it seeks to get the upper hand diplomatically.

A key point in judging the U.S. intentions in the future lies in its attitude toward building a comprehensive peace mechanism on the Korean Peninsula. ■



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# CLIMATE DILEMMA

## Amid disagreements, countries gather in Cancun, Mexico to discuss the fate of the planet



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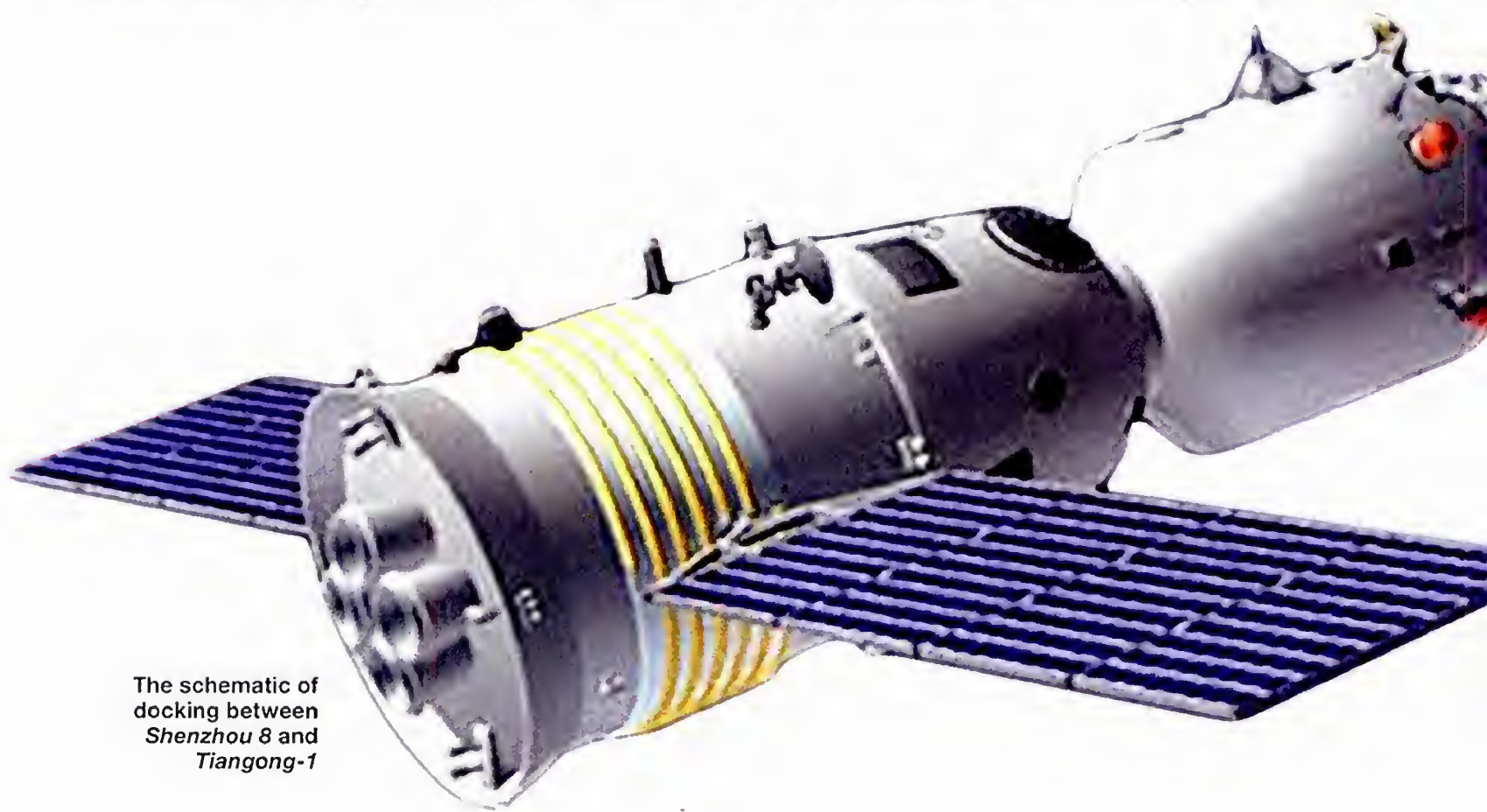
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# CHINA'S FIRST 'KISS' IN SPACE

*Shenzhou 8 spacecraft successfully docks with Tiangong-1*



The schematic of docking between *Shenzhou 8* and *Tiangong-1*

By YIN PUMIN

**A**t 1:36 a.m. on November 3, nearly two days after it was launched, the unmanned spacecraft *Shenzhou 8* docked with space lab module *Tiangong-1*, or *Heavenly Palace-1*. The docking represents another

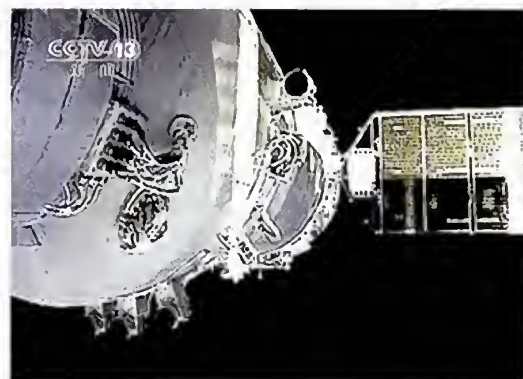
significant milestone for China's space program.

*Shenzhou 8* was carried into space by a modified Long March-2F rocket, which took off from the Jiuquan Satellite Launch Center in northwest China's Gansu Province at 5:58 a.m. on November 1. The *Tiangong-1* space module was sent into

space on September 29.

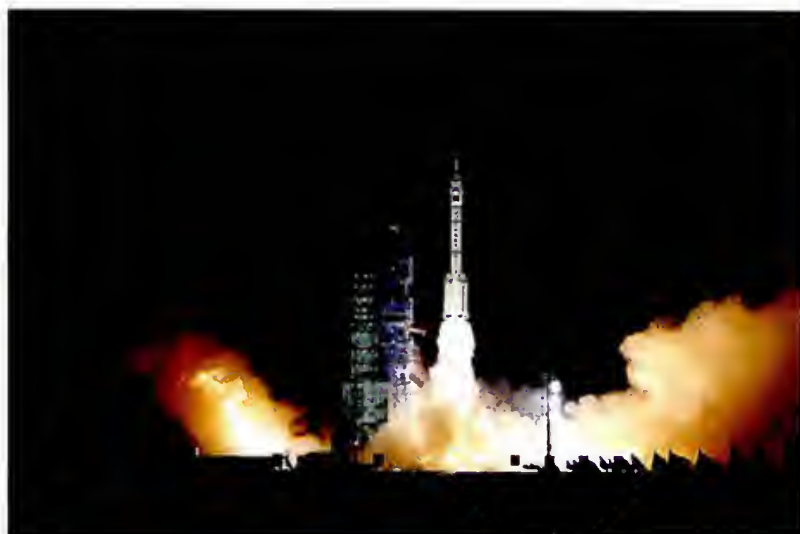
The success of the docking procedure makes China the third country in the world, after the United States and Russia, to master the technique. The mastery of space docking technology takes the country one step closer to establishing its own permanent space station by 2020.





**KISSING EACH OTHER:**  
A video grab taken from the China Central Television on November 3 shows the *Shenzhou 8* spacecraft docking with the *Tiangong-1* space lab module

CNSPHOTO



WANG XIANG

**GOING INTO SPACE:** A modified model of the Long March-2F rocket carrying the unmanned spacecraft *Shenzhou 8* blasts off from the launch pad at the Jiuquan Satellite Launch Center



WANG XIANG

**SHOWING SALUTE:** A soldier stands before the launch pad at the Jiuquan Satellite Launch Center in northwest China's Gansu Province on October 30

"China is now equipped with the basic technology and capacity required for the construction of a space station," said Zhou Jianping, chief designer of China's manned space program.

"This will make it possible for China to carry out space exploration on a larger scale," he said.

"The capability increases China's ability to act independently in space, as well as its ability to cooperate with others," said Gregory Kulacki, senior analyst and China project manager at the global security program of the Union of Concerned Scientists, a nonprofit scientific advocacy group based in the United States.

"China's pursuit of an original solution to space docking could lead to innovations or experiences other space-faring nations may find useful," Kulacki said.

### Making preparations

While the docking itself was completed in a matter of hours the planning and ►►





**JOB WELL DONE:** Staff at the Beijing Aerospace Flight Control Center celebrate with each other after the successful docking of *Shenzhou 8* with *Tiangong-1* in the early morning on November 3

preparation for the mission involved over a decade of research.

Space docking technology is considered one of the most advanced proficiencies required for space exploration as it requires the precise handling of two high-speed spacecraft that must meet and link up in space.

The world's first space docking was achieved in 1966, when the manned U.S. spacecraft *Gemini 8* docked with an unmanned Agena Target Vehicle.

Forty-five years later, the maneuver remains a technological challenge. Many of mankind's 300-plus space-docking attempts have been met with difficulties or resulted in failure.

"To connect two vehicles traveling at 7.8 km per second in orbit, with a margin of error of no more than 20 cm, is really like 'finding a needle in a haystack,'" Zhou said.

"In order to guarantee the smooth operation of the mission, nearly 100 contingency plans had been prepared to address problems that may occur during the mission," said Wu Ping, spokeswoman for China's manned space program.

"The automated control system and docking system were crucial to the mission, and simulations had been performed several times on the ground," according to Wu.

Meanwhile, Chinese space engineers made "considerable modifications" to the *Shenzhou 8*, making it significantly different from previous versions of China's unmanned spacecraft.

*Shenzhou 8*, with a length of 9 meters and a maximum diameter of 2.8 meters, has a liftoff weight of 8.082 tons.

"More than half of the spacecraft's 600 or so sets of equipment had been modified technically, while newly designed devices account for about 15 percent of the total," Wu said.

"The system for voice transmission between the spacecraft and the ground on this mission was completely new and significantly more advanced than the one used in *Shenzhou 7*," said Sun Yadu, chief engineer with Beijing Special Engineering Design and Research Institute, the main designer of the launch system used at the Jiuquan Satellite Launch Center.

"The modifications were mainly intended to equip the spacecraft with automatic and manual rendezvous and docking capacities, and to enhance the vehicle's performance, safety and reliability," Wu said.

"After the improvements, the spacecraft will be able to stay attached to the target spacecraft, *Tiangong-1*, for 180 days," Wu said.

It's not just the technology on board the *Shenzhou 8* that ensured the mission's

success, the timing and precision of the spacecraft's launch was crucial. The satellite had to enter the same orbital plane as *Tiangong-1*.

"*Tiangong-1*'s orbital plane intersects with the launch site, we launched *Shenzhou 8* at the 'zero launch window,'" said Wu, referring to the precisely prescribed launch time.

Technological modifications were also made to the carrier. "The rocket features a new control system and an improved thruster, which means the Long March-2FY8 can carry a larger payload, features higher orbital precision and is more reliable than previous rockets," Wu said.

The 58.3-meter-long Long March-2FY8 rocket has a total lift off weight of 497 tons and can carry a payload of 8,130 kg.

Meanwhile, the target vessel, *Tiangong-1*, had also been fully prepared for the upcoming docking.

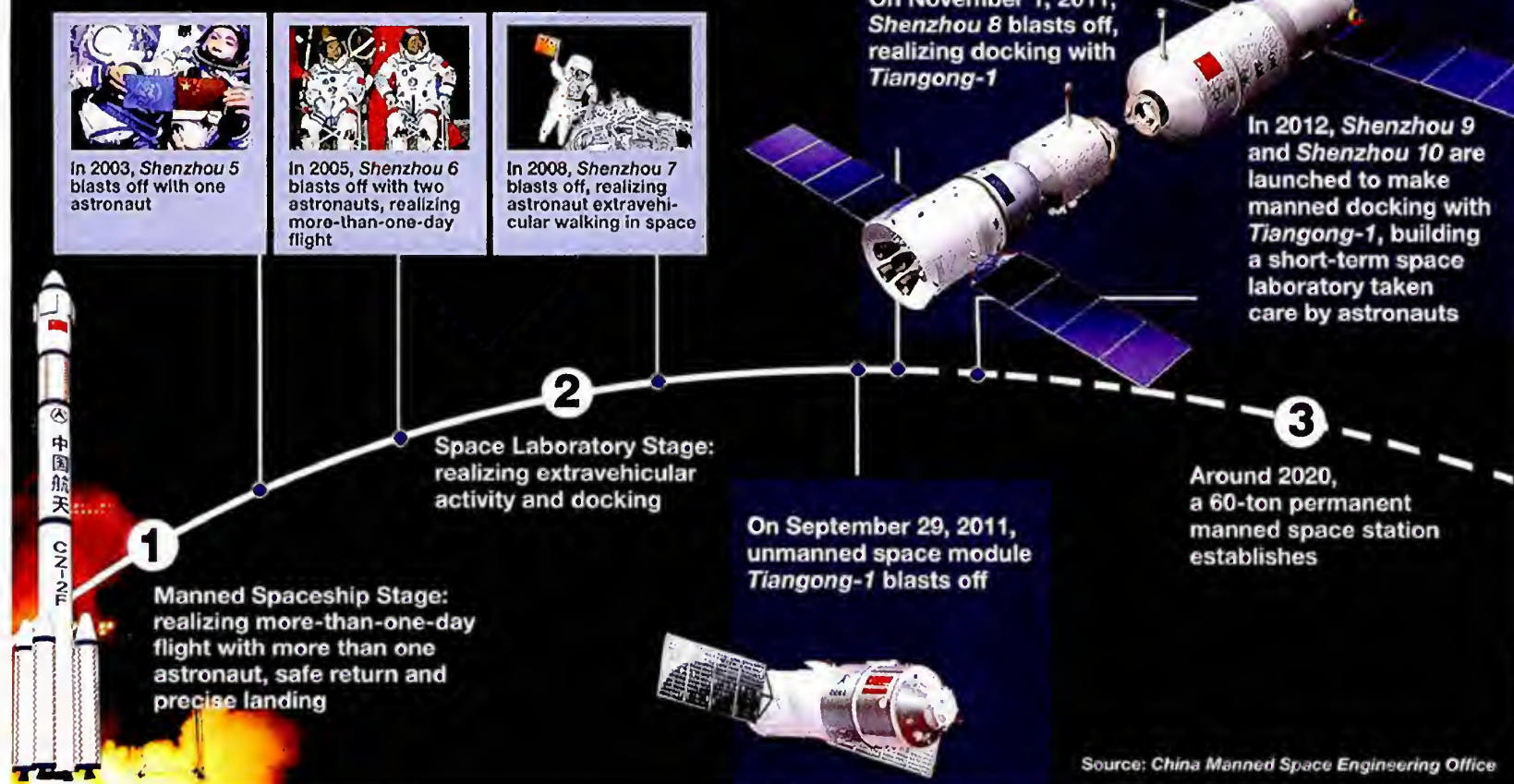
On October 30, the *Tiangong-1* completed a 180-degree turn-around under the control of the Beijing Aerospace Flight Control Center. The space module was then lowered to the 343-km-high docking orbit through a series of maneuvers which took place over the course of a month.

### A historic meeting

Before the docking, *Tiangong-1* made



## The Three-Step Plan of China's Manned Space Program



five orbital changes and four "brakes" over a 1.3-million-km journey.

After the maneuvers, *Shenzhou 8* entered an orbit below *Tiangong-1*, which circles 343 km above the Earth's surface.

When the distance between the two craft narrowed to 52 km, sensors on *Shenzhou 8* took over from ground control and safely guided *Shenzhou 8*'s approach to *Tiangong-1*. Once the aircraft were in relatively close proximity it took two and a half hours of maneuvers to take the craft to within centimeters of the *Tiangong-1*.

Then the even more delicate and precise docking process began.

"If spacecraft rendezvous is like two people getting closer together and meeting each other, then spacecraft docking is like the two people joining hands," said Bai Mingsheng, vice chief designer of the space lab system of China manned space program.

The two spacecraft will fly as one for 12 days under the command of *Tiangong-1*. Then the two will unhook and remain 140 meters apart to await a second docking.

The two craft will then fly together for two more days, before *Shenzhou 8* separates from *Tiangong-1* and withdraws to a safe position 5 km away. "Its return capsule will head back to Earth in mid-November," Wu said.

"Next year, China will launch two more *Shenzhou* spacecraft, *Shenzhou 9* and *Shenzhou 10*, to dock with *Tiangong-1* and at least one will be manned," Wu added.

Ultimately this series of space docking tests and experiments will provide crucial experience for China's construction of a permanent manned space station.

"Although *Shenzhou 8* is unmanned, we equipped the spacecraft with devices which record real images and mechanical parameters during its flight, both of which are vital to future manned missions. *Tiangong-1* is also in full readiness for the entry of astronauts next year," Wu said.

Equipment for astronauts to use for physical exercises, medical monitoring and health maintenance has already been installed inside *Tiangong-1*.

Chen Shanguang, Director of the Astronaut Center of China, was quoted by Xinhua News Agency as saying that a crew of nine, including two women, has already been selected and is being trained in manual docking skills.

He said that the seven men are from the country's first batch of 14 astronauts, which includes Yang Liwei, China's first man in space in 2003, and Zhai Zhigang, the first to conduct an extra vehicular activity in 2008.

The two female astronauts, both air-freighter pilots before their enrollment, are

from the second batch of astronauts trained between 2009 and early 2010.

"We must assess the performance of both male and female astronauts, it is important to monitor the impact of space travel on both genders, and space exploration activities would be incomplete without the participation of female astronauts," said Chen.

"Besides testing docking technology, the *Shenzhou 8* will also carry out scientific experiments," Wu said.

On this mission, Chinese and German scientists will conduct 17 space life science experiments. "German scientists designed bio-incubators for the experiments, while their Chinese counterparts were in charge of the development of control equipment," Wu said.

The experiments will help promote the study of microgravity and space life science, 10 of the experiments will be controlled by China, six by Germany, and one will be a joint effort.

"It is the first time China's manned space program has conducted joint experiments in the field of space life science," Wu said.

"New knowledge obtained through space science research should be used for the common wealth of all human beings and should benefit the whole world," chief designer Zhou said. ■



# A Demographic Transformation

Structural imbalances and greater mobility have become China's major demographic challenges

(Left) **PRENATAL CLASS:** A doctor gives a prenatal lecture to pregnant women from migrant families at a community health care center in Minhang District, Shanghai

**CELEBRATING LONGEVITY:** Dancers perform for senior citizens at a rest home in Nanjing, Jiangsu Province, on October 5



By LI LI

**T**he world's population officially hit 7 billion on October 31, with many countries around the world choosing their own symbolic baby, holding rallies and other events to mark the latest stage of the global population growth.

"With planning and the right investments in people now ... our world of 7 billion can have thriving, sustainable cities, productive labor forces that can fuel economic growth, youth populations that contribute to the well-being of economies and societies, and a generation of older people who are healthy and actively engaged in the social and economic affairs of their communities," the United Nations Population Fund (UNFPA) said in a report entitled *The State of World Population 2011: People and Possibilities in a World of 7 Billion*.

According to the report, the population milestone "will be marked by achievements, setbacks, and paradoxes."

"There is much to celebrate in world population trends over the last 60 years, especially the average life expectancy, which leapt from about 48 years in the early 1950s to about 68 in the first decade of the new century. Infant deaths plunged from about 133 in 1,000 births in the 1950s to 46 per 1,000 in the period from 2005 to 2010."

In light of growing concerns about the global economy, the UNFPA report highlights financial dangers caused by population changes facing both industrialized and developing countries.

"In some of the poorest countries, high fertility rates hamper development and perpetuate poverty, while in some of the richest countries, low fertility rates and too

few people entering the job market are raising concerns about prospects for sustained economic growth and the viability of social security systems," the report says.

The UNFPA report projects that by 2025 India will have 1.46 billion people and overtake China's 1.39 billion to be the most populous country.

The world population reached 5 billion in 1987 and 6 billion in 1999. A UN report published in May predicts a global population of 9.3 billion by 2050, and more than 10 billion by the end of this century.

According to the National Population and Family Planning Commission (NPFPC), the proportion of China's population against the world's population has dropped from 22 percent to 19 percent over the past 30 years. Meanwhile, China's infant mortality rate and maternal mortality rate have dropped to the lowest among developing countries. The average life expectancy of Chinese citizens has increased from 68 years old 30 years ago to 73.5, which matches the standard of moderately developed countries.

"Without China's family planning policy, the world population would have surpassed 7 billion five years ago," Zhai Zhenwu, Dean of the School of Sociology and Population Studies of Renmin University of China, told Xinhua.

Despite its developing country status, the stable low birth rates have propelled China into an era of low population growth. Structural imbalances of population, such as an aging society and a skewed sex ratio at birth, have replaced explosive growth to become the country's top demographic challenges.

"Population is not the smaller, the better," said Zhao Baige, Vice Minister of the NPFPC, on the sideline of an international conference commemorating the World Population Day in July. She told the Beijing-based *Guangming Daily* that it is essential to keep the population balanced in structure and that the priority of China's population management is shifting from quantity control to quality improvement.

According to results of China's latest census conducted in 2010, China's population still remains the world's largest at 1.37 billion people. But it grew by less than 1 percent annually in the last decade. China's fertility rate was less than 1.5 children per couple in 2000-10. It is on par with, or lower than, those of developed countries such as the United States, France and Spain.

## Unbalanced ratio

China's latest census showed the country's sex ratio at birth was 118.06 in 2010, which means there were 118 male births compared to 100 female. Worldwide, the normal sex ratio at birth is between 103 and 107.

"China's skewed sex ratio will have serious implications for marriage and even hamper the country's economic growth and social stability," Peng Xizhe, Dean of the School of Social Development and Public Policy of Fudan University in Shanghai, told *Shanghai Financial News*. Peng also predicted that China's sex ratio at birth will further tilt toward boys over the next decade.

According to a national plan on dealing with an aging society released in September, China's total population of senior citizens, people of 60 years age and older, will grow from 178 million in 2011 to 221 million in





2015 while its proportion against the total population will reach 16 percent.

"A welfare state must keep its commitments to its senior citizens. However, the provision of welfare will become unsustainable when the population of the elderly keeps growing and the working population keeps shrinking," Cai Yong, a visiting scholar of the School of Social Development and Public Policy of Fudan University, told *Xinmin Evening News*.

At the international conference commemorating the World Population Day, Li Bin, Minister of the NPFPC, said that over the next five years, new demographic challenges facing China include the enormous pressure the population exerts on resources

and environment; higher labor costs as the working-age population begins to decline after reaching its peak; new challenges to social administration due to greater population mobility and the accelerated urbanization; and a rapidly aging population with a long-term skewed gender ratio.

Li said to deal with these challenges, China will continue to maintain a low birth rate, further develop its human resources, improve its social security system and services for the elderly and promote gender equality in society.

### Policy at the crossroads

To achieve balanced population development in the long run, a growing number of population experts have suggested the government take measures to ensure the population maintains a moderate fertility rate.

There has been growing speculation that the government might relax the one-child policy, which was introduced in 1980 in cities as a temporary measure to curb surging population growth, and allow more couples to have a second child. Rural families in China can have a second child if their first is a girl.

Zeng Yi, Director of the Center for Healthy Aging and Development Studies of Peking University, said if the current birth control policy stayed unchanged, China's labor force would be reduced by 100 million per decade from 2030 when people aged 65 years and older will account for 28 percent of the total population.

Zeng proposed the one-child policy be gradually replaced by a more flexible two-child policy accompanied with limits of late childbirth and birth intervals of three to four years.

"On the premise of setting up proper late childbirth limits and proper length of birth

intervals, the two-child policy can be made open to all families," said Zeng. He explained the two-child policy would greatly ease labor shortages, and late childbirth limits and prolonged birth intervals would prevent the total population from rebounding in the short term.

Mu Guangzong, a professor at the Institute of Population Research of Peking University, said the government should move to allow all families to have a second child in tune with the country's demographic transition. Analyzing risks harbored by families with only one child, Mu wrote that families would be devastated if the child died prematurely. The only child in a family also faces the unprecedented heavy burden of taking care of the elderly and is more prone to psychological problems during his/her growth.

In July, China's southern Guangdong Province officially asked for the Central Government's permission to loosen up the one-child policy in the province by allowing urban couples where either spouse is an only child to have a second child as a pilot program. Like most parts of China, Guangdong now only allows urban couples where both parents are single children to have a second child.

But there have been no signs the government has decided on any adjustments so far.

In an interview with the *Economy & Nation Weekly*, Li of the NPFPC said that China's basic condition as a developing country with a colossal population of more than 1.3 billion remains unchanged. "Population reproduction is far more complicated than material reproduction and should be tackled prudently. Loosening up the family planning policy is far from an easy key to all the problems," said Li. ■

**To deal with its demographic challenges, China will continue to maintain a low birth rate, further develop its human resources, improve its social security system and services for the elderly and promote gender equality in society**



# Between Charity And Business

Chinese social entrepreneurs seek to solve social problems by using a business approach

By WANG HAIRONG

**T**he journey from poverty to prosperity can take many paths. Ren Xuping went from an impoverished rural boy in Dayi County, Sichuan Province, to a multimillionaire businessman thanks to rabbits.

At the age of 13, Ren dropped out of school because his family could not afford the fees. To cheer him up, his father bought him a pair of rabbits. One of the female rabbits was pregnant and gave birth to eight babies. Ren sold the babies and was paid the equivalent of half an adult's monthly salary at that time.

With this first income, Ren bought more female rabbits and kept repeating the cycle. His business snowballed. By the age of 16, his business was generating 400,000 yuan (\$202,000 by the exchange rate in 1983), making him extraordinarily wealthy by the standard of the time.

Today, his rabbit farm breeds 2.3 million rabbits annually, and generates a sales volume of 23 million yuan (\$3.5 million). He also owns a fur company, a food company, a training school and a poverty alleviation study center.

Ren has used his experience and skills to lift others out of poverty. In 1990, he established a training school to teach others how to start rabbit rearing businesses. More than 300,000 people, from various places in China and countries such as Nepal, Thailand and India, have been trained in this school. Most of the trainees have managed to increase their incomes as a result of his training.

Now more than 40 percent of farmers in Dayi County raise rabbits, which have become the county's major source of income. The farmers credit their success to Ren, China's Rabbit King.

## New concept

Ren was described as a social entrepreneur in a book published in China in 2010 by Global Links Initiative, a U.K.-based non-profit organization which aims to "support positive and creative action on social inclusion and citizen empowerment worldwide."

The term "social entrepreneur" was in-

troduced in China around 2006, when U.S. journalist David Bornstein's book *How to Change the World* was translated by Wu Shihong, former general manager of IBM China and Microsoft China. Bornstein's book described how individuals he called "social entrepreneurs" solved social and economic problems with innovative grassroots approaches.

"There is no universal definition for social enterprises or social entrepreneurs," said Chu Chaoyu, Director of the Social Service Center of Amity Foundation, a non-profit organization based in Nanjing of east China's Jiangsu Province. "Their most salient feature is the use of business approaches to achieve social goals," Chu said.

Jia Xijin, a Tsinghua University professor studying non-profit organizations, said that social enterprise is a social rather than legal concept so an organization run by social entrepreneurs does not necessarily enjoy tax privileges.

"When the concept of social entrepreneurship was introduced in China, many people working in the non-profit sector were very excited, expecting that it would lead

Chinese non-governmental organizations (NGOs) to overcome many obstacles and develop rapidly," said Chu.

According to Chu, Chinese NGOs face three major growth bottlenecks: insufficient policy incentives, a lack of funding, and low credibility. However, he does not think social entrepreneurship alone will remove the obstacles confronting NGOs, although he believes its key elements—ethics, innovation and adventure—will help NGOs solve their problems.

"Social entrepreneurship will inspire more NGOs to think innovatively and explore new opportunities so as to improve their own efficiency and effectiveness," Chu said.

Since 2009, the British Council has run training seminars on social entrepreneurship to "identify and equip a new generation of NGO workers in China who have the skills and desire to solve social problems using business strategies." Some British social entrepreneurs have been invited to China to share their experiences.

So far, 580 established and would-be Chinese social entrepreneurs have attended the British Council's trainings, and 35 organizations have obtained funding totaling 5 million yuan (\$770,000), according to *China News Week*, a Beijing-based magazine.

"The most important purpose of the training is to change traditional thinking about philanthropy," said Peng Yanni, Assistant Director of Society and Development at the British Council's Beijing office. Peng said it prompts charitable organizations to think beyond fund raising and try a business approach.

"While the concept has inspired some Chinese philanthropists to adopt business approaches and techniques to promote their causes, China's mainstream academic and business communities as well as the Chinese



**THE RABBIT KING:** Alan F. Holmer (right), special envoy for China and the U.S.-China Strategic Economic Dialogue, visits Rabbit King Ren Xuping's (left) farm in Dayi County, Sichuan Province on March 6, 2007



Government have not yet shown much enthusiasm for the concept," said Wang Haijun, a program officer at the British Council's office in Shanghai.

"Overall, social enterprises in China are still in their infancy. It is hard to say how many such enterprises are out there. There are few successful cases," Peng said.

### Young social entrepreneur

Ni Kaizhi is a young entrepreneur trying to apply a business approach to philanthropy. At the age of 25, Ni turned from a marketing manager in an IT company to a full-time philanthropist after the 2008 Wenchuan earthquake. Three days after the earthquake struck, Ni took a month leave from his job and arrived at the disaster-stricken area to work as a volunteer.

After a month as a volunteer, he made the decision to remain in the Wenchuan area and work to improve the income of farmers. He joined NPI, a Shanghai-based non-profit organization founded in 2006, which aims to support other small and medium-sized non-profit organizations. After spending one year helping others to start up NGOs, Ni decided to start one himself.

Ni learned about social entrepreneurship at training programs run by the British Council. His first project involved contracting local farmers to plant crops, raise livestock and make artifacts, and sell their products at an online fair trade platform. He started the project because he found that individual farmers had low bargaining power with purchasers and did not have sufficient access to information and marketing channels. By buying in bulk and taking over marketing, Ni hoped to help farmers overcome these obstacles, but his project wasn't as successful as he had hoped.

## Social entrepreneurship will inspire more NGOs to think innovatively and explore new opportunities so as to improve their own efficiency and effectiveness

Ni then adjusted his strategy and began to work on voluntourism. Voluntourism, as the word itself indicates, combines vacation travel with volunteering at the destination. For instance, travelers can pick up trash on their way, take care of injured animals, or help people in need.

Ni has contracted farmers to provide lodging and food to travelers. So far, his organization, China Rural and Urban Community network (RUC network) has signed contracts with about 100 households in various places around the Wenchuan area.

The RUC network is responsible for marketing the tours and 70 percent of travelers' payments go to the farmers, 20 percent is spent on administrative overheads including car rentals, and the remaining 10 percent is used to fund Ni's organization.

During the week-long National Day holiday in October 2010, a peak travel season, RUC network organized a two-day tour, which brought an income of 1,950 yuan (\$300) to each contracted household.

### Beautiful business

Yan Junhui, director of the Qiang Embroidery Employment Support Center,

also became a social entrepreneur after the Wenchuan Earthquake.

After the 2008 earthquake, Yan and her husband Gao Tunzi went to the disaster-stricken area with friends to distribute medicine to victims. The area is inhabited by Qiang people, an ethnic minority in southwest China.

The earthquake seriously damaged Qiang communities, and Qiang women were particularly vulnerable. Yan, who owned a handcraft business in Chengdu, capital of Sichuan Province, wanted to find a sustainable way to help the Qiang people. She knew Qiang women excel in embroidery, so she set out to find a larger market for their embroidery products.

Yan received support from the One Foundation which was founded by film star Jet Li. On July 24, 2008, the Qiang Embroidery Employment Support Center was officially launched. The One Foundation offered to cover the costs of materials, transportation and human resources until the center became self-sufficient.

The center recruits and trains Qiang women as professional seamstresses, which gives them the opportunity to make money by working at home.

Yan runs the center like a company, emphasizing design and marketing.

To solicit good designs from professional designers, the center has partnered with art institutes and design firms. Yan and her design team want the products to have both aesthetic and practical value. They have designed embroidered shopping bags, purses, wallets and car accessories.

The center won big orders from large state-owned companies such as Mengniu Dairy, Lenovo and China Mobile. It has also opened retail shops in Chengdu and other places in Sichuan Province.

In late 2008, Yan and her team learned a hard lesson when dealing with big businesses. One company placed a 3-million-yuan (\$460,000) order, yet because the center could not deliver the products on time, the company cancelled 40 percent of the order.

To make the center more efficient, Yan hired professionals to improve its management. Tighter cost controls were introduced and more incentives were given to good salespeople.

Now the center works with 8,000 seamstresses, who usually make 300-1,000 yuan (\$46-154) per month depending on their time commitment and skill level.

"I make more than 1,000 yuan (\$154) per month by embroidering. With this money, I have bought a television and fertilizer. It is a double blessing that we can make more money and preserve our Qiang culture at the same time," said Guo Jianxiu, from Mianfeng Village of Wenchuan County. ■



**SHARING SKILLS:** Jia Dehua (middle), a skillful Qiang embroiderer in Beichuan City, Sichuan Province, is sharing her skills with her folks



# Hello London

## Tencent kicks off new strategy for 2012 London Olympic Games

The popular Internet service community in China—qq.com—established and run by Tencent, Inc. in 1998, launched its news report strategy for the 2012 London Olympic Games and debuted a brand new talk show, *China Teahouse*, at a press conference in Beijing on October 27.

At the news briefing, a number of sports celebrities, including renowned athletes Wang Liqin, Liu Xiang and his coach Sun Haiping, famous TV hosts Liu Jianhong, Duan Xuan and Yu Jia, took part in the first show of *China Teahouse*, to start the new program.

"We set our London Olympics strategy on the base of knowing well the demands of users," said Chen Juhong, Editor in Chief of qq.com. "We expect to provide users with all-round Olympics experience through our advantages in technology, multi-platforms and user planning, together with the exclusive content and resources we have obtained for 2012 Olympics, as well as our innovation and operation capabilities."

### Real-time news from Olympic champions

Tencent has established solid deals with 181 Chinese athletes and players who will attend the 2012 London Games, and gained 90 percent exclusivity of interviews and microblogs of champions.

"In an era of real time Internet, we cooperate in such a way not only because we report news immediately but also the athletes themselves are the sources of news," said Lau Seng Yee, Senior Executive Vice President of Tencent and President of online media business of Tencent. "Combining our users around the world, we will realize real time news reports for the London Olympics."

"Tencent is building an interactive bridge between athletes at stadiums and audiences at home, which will bring spectators the real experience of sports events and enhance the confidence of athletes," sports star Liu Xiang said.

### Ten brand-new programs

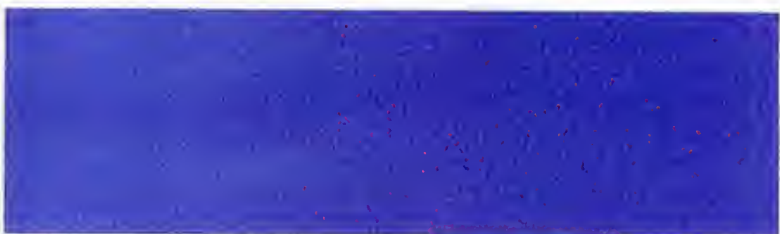
In order to build a real time online community for the London Olympics, Tencent has prepared 10 brand new programs in its strategy. These online video programs cover games, interviews, talk shows, and recreation.

In the first showing of *China Teahouse*, sports celebrities discuss the upcoming London Olympics, the challenges China's team faces and funny stories from other Olympic Games. Audience will experience the British features while watching thrilling games through these new programs.

### Information storm

Tencent plans to set up three studios in London to broadcast the Olympic Games live. Nearly 100 correspondents of Tencent will go to every stadium and game site to report sports news, and a big team of 400 editors will make programs in domestic headquarters for 16 consecutive days of 24 hours.

"Tencent users are banded together through our Olympics report strategy which will start a giant information storm," said Lau. "This will usher in a new era of Internet sports news reporting." "The London Olympic Games will certainly be different from the previous ones," said Chen. "Tencent is building a real-time Olympic community online to make sure our users fully enjoy the big party of the London Olympics."





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# GAINING GREEN GROUND

Promoting the development of new energy autos has become a focal point in China's green movement

By LAN XINZHEN

**A** national technical standard for electric vehicles (EVs) may be set by year's end, said *National Business Daily* citing an industry insider from the Society of Automotive Engineers of China on October 12. The issuance of the national technical standard may forcefully promote the commercialization and industrialization of EVs in China.

China already has 46 standards for EVs including hybrid EVs, fuel cell vehicles and pure EVs. According to Wu Zhixin, Deputy Director of China Automotive Technology and Research Center based in Beijing, both government departments and enterprises participated in drafting these standards, referring to international counterparts for frameworks to follow.

One of the major problems with the standards is that China still has not formed a unified industrial standard on the national level. The new standard will be the first national standard for EVs, said Wu.

The completion of national technical standardization of EVs will help promote volume production, pave the way for its market expansion and have an enormous influence on accelerating the development of the EV industry, said Li Shengmao, an analyst with

CIConsulting, a Shenzhen-based industry research company.

## Downsizing to EV

Like other countries, China has also had a fling with new energy cars, giving priority to the development of green cars. The difference is that the future of EVs will outshine non plug-in hybrids. The Ministry of Industry and Information Technologies (MIIT) and other departments consolidated the categories for new energy vehicles: plug-in hybrids, pure electric and fuel cell vehicles. Conventional hybrids and other fuel-efficient gasoline-powered vehicles fall into the category of energy-saving vehicle.

The country has issued various incentives and preferential policies for the R&D and marketing of new energy vehicles.

China is now working on a national plan for developing energy-saving and new energy vehicles. The draft version of the plan focuses on plug-in hybrids and pure EVs.

The draft plan also said that during the 12th Five-Year Plan (2011-15), China will support pure EVs and plug-in hybrid vehicles. It also vows to increase their accumulative production and sales volume. The plan also targeted three core technologies slowing down the development of plug-in hybrids and pure EVs: batteries, electric motors and electric controls.



The country will fully support plug-in hybrid, pure electric and fuel cell vehicles before 2015 and gradually focus its support on pure EVs after 2015, said Ouyang Minggao, Director of the State Key Laboratory of Automotive Safety and Energy Director at Tsinghua University New Energy Vehicle Center.

## Setting standards

Enterprises, scholars and institutions are all striving to be a part of this auto trend that assumes the tag of "going green." But despite their enthusiasm, China still lacks a standard for EVs.

Li said one important problem facing China today in the development of EVs is the lack of nationwide standards for important components.

"In this sense, EV enterprises are not willing to expand their production capacity. As a result, the usage of EVs was limited," Li said.

A single, national standard will unify the various standards of different EV manufacturers, creating an open and fair space for





**GREEN BUS:**  
A pure electric bus produced by Shandong Yixing Electric Automobile Co. Ltd. is on display at the 25th World Electric Vehicle Symposium and Exposition held in Shenzhen on November 15, 2010

QIN HAISHI

competition.

China hopes to have more than 500,000 electric cars on the road by 2015 and 5 million by 2020.

The government will help create one to three automakers that can each produce more than 1 million new energy cars per year by 2020. It will also help establish three to five automakers which can each produce more than 500,000 new energy cars per year by 2020.

The target is ambitious, especially since China currently has only approximately 10,000 EVs on the road. To hit the goal, the average growth rate in EV production and sales volume will have to be as high as 118.67 percent until 2015 and then 58.48 percent in

the second half of this decade.

Governments at various levels have implemented various measures to support the EV industry by offering generous subsidies for EV purchases and R&D.

In August 2010, the State Assets Supervision and Administration Commission set up the Electric Vehicle Alliance, with participation from 16 centrally administered state-owned enterprises. It is regarded as a national team for upgrading the overall technical level of China's EV industry. Enterprises in the alliance cover EV makers including FAW, Dongfeng and Changan, battery makers, energy providers such as the State Grid and China Southern Power Grid,

and other auto part makers.

The alliance will mainly work to form a complete industrial chain and integrate the efforts in developing China's EV industry.

The national plan and technical standard to be released will be the major tools to accelerate the large-scale industrialization and commercialization of China's EV industry. The owners with the winning standards will be the biggest beneficiary and take a dominant market share, said Li.

### The forerunners

China already has made progress in the EV industry.

Take battery and car maker BYD ►►



Automobile Co. Ltd. for example. BYD has formed a complete industrial chain covering R&D to affiliated EV parts, according to Lian Yubo, Vice President of BYD.

On October 26, BYD launched its electric model car, the e6, which can run about 300 km on a single charge, giving it the longest range of any EV in the Chinese market. Before e6, BYD launched a dual-mode hybrid, the BYD F3DM, on the market in 2008.

In addition to BYD, more than 30 domestic EV makers have introduced their own models, some of which include buses that run on electricity. Local governments are usually major buyers of electric buses. As early as 2003, seven cities including Beijing, Tianjin, Wuhan of Hubei Province, Hangzhou of Zhejiang Province and Shenzhen of Guangdong Province launched assessments on the operation of new energy vehicles in their own cities.

During the 2008 Beijing Olympic Games, a fleet of 595 new energy buses traveled a total of 3.7 million km and carried more than 4.4 million passengers, representing the biggest new energy vehicle fleet in the history of the Olympics.

Domestic car manufactures, including FAW, Dongfeng, SAIC, Changan, Chery and BYD, all have EV development plans.

The data from the MIIT showed that the industrialization of EV parts has seen a big boost. Battery producers, such as BYD, Tianjin Lishen Battery Joint Stock Co. Ltd., Shenzhen Bak Battery Co. Ltd., and Wangxiang Group have invested heavily in accelerating industrialization of EV batteries.

In addition, more auto parts makers have made efforts to complete the EV industrial chain. It is estimated that China will be able to provide auto parts for 1 million EVs per year in the next two to three years.

In June 2010, the Chinese Government announced a trial program to provide a sub-

sidy of 60,000 yuan (\$9,441) for each private purchase of a pure EV and 50,000 yuan (\$7,874) for a plug-in hybrid in five cities, including Shanghai, Shenzhen, Hangzhou, Hefei of Anhui Province and Changchun of Jilin Province. One month later, the number of EV pilot cities was expanded from the original 20 to 25. With these efforts, the Chinese Government hoped that EVs could enter more families, rather than only serving as public transport.

Official data also showed that as of July 2011 more than 10,000 electric cars have been sold in the 25 cities and more than 1,000 EVs have been purchased for private use.

So far, more than 180 types of new energy vehicles have been approved by the MIIT.

The next decade will be critical for the development of China's EV industry, said Wang Zhixuan, Deputy Secretary General of China Electricity Council, asserting that China's traditional auto industry lags behind developed countries but EVs present a golden opportunity for China to catch up with developed countries.

### Global cooperation

International cooperation is an important driver for China as it seeks new technology, develops markets and ensures the development of a vehicle market that both meets and sets global standards.

General Motors Co. and China's SAIC Motor signed an agreement on September 20 to develop new EV R&D platform. For both companies the deal is an opportunity to market these vehicles around the world. The EV platform will be the first to be co-developed by a domestic car maker and an international one.

SAIC has gained invaluable experience by operating its own new energy cars during the Shanghai Expo 2010. Next year SAIC will launch a series of plug-in hybrid and pure EVs. The plug-in hybrid model can save

50 percent on oil consumption compared to conventional autos.

BYD has already tapped Europe's EV market. Last year the BYD F3DM went on sale in Spain and Italy.

In June 2011, BYD signed a letter of intent with Frankfurt, Germany, to introduce BYD's all-electric eBUS-12. BYD will supply three eBUS-12, two charging stations and technical support until the first quarter of 2012. These electric buses will be used as shuttles at Frankfurt's airport and public transportation routes.

"This electric bus project shows the tremendous innovation of our city and will expand our leading position in EV development. With BYD, we are implementing a project with a high technological standard that will bring both sides new insights for the design of EV in the future," said Petra Roth, Mayor of Frankfurt, at the signing ceremony.

In July last year Wan Gang, Minister of Science and Technology, and U.S. Secretary of Energy Steven Chu jointly proposed the U.S.-China Electric Vehicles Initiative. The initiative will include joint standards development, demonstration projects in more than a dozen cities, technical road mapping and public education projects.

The initiative has won positive response from International Energy Agency and other countries, including France, Germany, Japan, Spain and Sweden. So far more than a dozen countries have become members of this initiative. China has also set Shanghai as the international demonstration city for its EV industry, serving as a platform for EV demonstration operation and international exchange.

### No easy task

Despite the fact that both central and local governments have set EVs as an integral part of the country's efforts to build an environ-





## EV Charging Facilities

	Charging stations	Charging poles*
Shanghai	3	300
Shenzhen	8	10,000
Changchun	3	300
Hangzhou	6	500
Hefei	4	80

\*approximate numbers

mentally friendly society, the market has been less than enthusiastic.

"China's EV industry developed quickly and the government also gave it priority, but the market still remains sluggish and it is hard to realize a significant sales surge," said Cui Shudong, Deputy Secretary General of the China Passenger Motor Vehicles Manufacturers Association.

High prices keep average car buyers away. Li Ru, a Beijing resident, needs to travel more than 20 km to work every day. On a tight budget, he decided against buying an EV.

"If I drive a conventional fuel car, it may cost me more than 300 yuan (\$47.24) every month. The EV will save me about 200 yuan (\$31.50). But the problem is that EVs are so much more expensive than conventional cars. Even if I figure in the government subsidies, I still cannot afford it," Li said.

BYD's hybrid F3DM car sells for about 140,000 yuan (\$22,047), almost 100,000 yuan (\$15,748) higher than its F3 model, an identical car with an internal combustion engine instead of the hybrid power source. Chery's M1 fuel auto costs 50,000 yuan (\$7,874), while its EV version M1EV was 140,000-230,000 yuan (\$22,047-\$35,384).

In an effort to promote the use of electric cars, Beijing has issued a policy that the purchase of battery EVs will not be limited, and owners will not have to go through the license

plate lottery. Aside from not having purchase limits, owners of EVs will each enjoy a maximum subsidy of 120,000 yuan (\$18,800).

Despite the fact that Beijing gave the green light to EVs, Li was still unwilling to open his wallet to EVs.

"The high price makes consumers lose interest," said Yan Jinghui, Vice General Manager of Yayuncun Automobile Trade Market in Beijing.

Even if car buyers were willing to pay for EVs, they find that there are no pure electric cars for household use available in the market and the market share for plug-in hybrid EVs is less than 10 percent, Yan said.

The dearth of pure EVs will make after-sale services less accessible and cost more, he said.

Charging stations remain a major bump in the road for the EVs to reach their full potential. Since most battery EVs can only run around 150 km on a single charge, a large number of public charging stations are needed. Today, these stations are no more than demonstrations projects.

The Shanghai Municipal Government and the State Grid planned to build 360 charging posts in the city by the end of 2010. Only 50 were finished.

Shenzhen has been a clear policy leader in EV in China. It is aggressively promoting charging infrastructure: more than 2,000 charging poles have been built in residential communities, but people still say more are needed.

### Breakthrough promise

In China, EVs have become an essential part of local governments' efforts to build an environmentally friendly society. Almost all major cities have EV projects. Shanghai aims to have more than 10,000 EVs by 2012. The EV infrastructure will increase to 13,000 charging poles, 15 charging stations next year.

The Shanghai Municipal Government said it would provide subsidies for investment

in EV charging facilities. At the same time, more demonstration centers will be built for residents to learn about and test drive EVs.

In June 2011, Shenzhen announced its top-up subsidies for new energy vehicle purchases as part of a broader national program to encourage fuel-efficiency. In addition to the Central Government's subsidy, Shenzhen decided to provide additional subsidies for the city's individual buyer of each new energy vehicle. It will also provide subsidies for the construction of supporting facilities for EVs.

Shenzhen also decided to build charging stations in the parking lots of residential communities, big department stores and hotels.

The long-awaited national standard to be released will also provide rules to follow for the construction of the EV recharging station, which will provide investment opportunities for social capital.

The State Grid Corp of China planned to construct 75 charging stations and 6,209 charging poles for EVs across 27 provinces by 2015. State Grid also intended to spend 32 billion yuan (\$5.04 billion) to build 10,000 charging stations in the second five years of this decade.

The traditional energy tycoons, such as Sinopec and PetroChina, also showed interests in EVs. Their thousands of gas stations, when equipped with charging devices, will also serve electric car owners.

EV makers are doing their share by technical innovation. They are trying to make batteries that hold longer charges and charging facilities with the utmost charging capacity within minimum of time.

BYD said they are working on a new type battery that could support 500-km range on a single charge.

"One day if charging stations are as easily found as gas stations and batteries can be charged to their full capacity within 30 minutes, more people will choose EVs," Li Ru said. ■



(From left to right)  
**REFILLING FUTURE:**  
Staff workers help recharge electric cars at a charging station, the first in Yangzhou, east China's Jiangsu Province on April 19, 2010

**BIG DEBUT:**  
BYD's all-electric crossover e6 on display in Shenzhen on October 26, 2011

**BATTERY WORKSHOP:**  
A worker assembles EV batteries at Wangxiang Group based in Hangzhou, Zhejiang Province



# Not All Fun at the Fair

Chinese exporters attempt to ride out the downturn and look for opportunities at the 110th Canton Fair

By HU YUE

**A**s growing uncertainties hang over China's trade front, a closer look at the latest Canton Fair, a barometer of China's foreign trade, can provide an insight on how exporters are faring.

Officially known as the China Import and Export Fair, the biannual Canton Fair is held every spring and autumn in Guangzhou, capital of south China's Guangdong Province, and each fair has three phases. The 110th Canton Fair, held from October 15 to November 4, attracted more than 24,000 enterprises from home and abroad. Its first two phases witnessed export deals worth around \$33.18 billion, up 3.2 percent over the spring fair.

With more foreign buyers roaming its vast halls, the bustling trade fair, coming amid the simmering debt crisis in Europe and economic weakness in the United States, sent out a signal that exporters were recovering some lost ground, though a bumpy road might still lie ahead.

"The export outlook is less promising given lackluster external demands and domestic costs inflation," said Liu Jianjun, a spokesman of the fair. "But buyers from emerging markets like India and Brazil have increased significantly, while orders from developed countries remained stagnant."

"More disturbing, though, is the fact that foreign purchasers tend to sign short-term and smaller-scale contracts out of fears of an appreciating yuan," said Liu.

The Chinese currency has gained more than 4 percent in value against the dollar so far this year, making a dent to competitiveness of Chinese exports.

"We suggest exporters take counter-measures to fend off currency risks, such as switching to yuan settlement or signing contracts locking up exchange rates," he added.

## Lingering concern

For most Chinese exporters, September and October should be the busiest months of the year, as Christmas orders keep their machines humming. But this year, the euphoria seems to be fading.

"The festive orders are coming in, but at least 10 percent fewer than last year," said Zhou Zongyou, General Manager of Guangdong Eagle Gifts Co. Ltd. "We attend every session of the Canton Fair, and obvi-

ously, foreign traders are becoming more hesitant to place orders."

"Due to surging labor costs and raw material prices, we had to raise product prices by 5 percent," he added. "But even such modest increase is mostly unacceptable to buyers."

But Zhou still keeps his fingers crossed for a brighter export market. "I hope the current downturn is only temporary, and a substantial turnaround is on the way," said Zhou.

Zhou's experience paints a vivid picture of what is happening to China's export sector. In September, exports went up 17.1 percent to \$169.67 billion, while imports amounted to \$155.16 billion, up 20.9 percent from a year ago, according to data from the General Administration of Customs.

"It is only a matter of time before the turmoil in the United States and euro zone feed into China's trade economy," said Ren Xianfang, an analyst with the IHS Global Insight, a global consulting firm.

"September is traditionally a poor month for trade, but whether this month like September 2008 marks the start of a sharp decline depends largely on developments in the euro zone," she said.

In the wake of the global financial crisis, China's exports experienced an acute crunch in 2008, causing massive factory closures and painful layoffs, as well as putting a serious drag on economic growth.

"We don't expect China's exports to collapse as sharply as they did three years ago, but it is highly likely that external demands will decline in the coming months," said Zuo Xiaolei, chief economist with the Beijing-based China Galaxy Securities Co. Ltd.

Zuo predicted that monthly export growth will drop to a single-digit rate in the fourth quarter.

Hu Yunjiang, a researcher at the Development Research Center of the State Council, pointed out that Chinese exporters have problems of their own.

"China's exports are mostly low-end products with less added value, and the manufacturers still have a long way to go to move up the value chain," he said.

## On the defensive

Since orders from the West are declining, many manufacturers are looking to emerging markets.



**EXPORT CONCERNS:** A foreign businessman asks about ceramics products at the 110th Canton Fair in Guangzhou, Guangdong Province



Zheshang Securities Co. Ltd. conducted a survey of more than 20 Chinese exporters at the 110th Canton Fair and found that their orders from India, Viet Nam and the Middle East increased 30 percent from last year, contributing one third to their total businesses.

"Our orders from Russia and Latin America are running up quickly," said Huang Tao, a sales manager with the Qingdao Sino Chemical Co. Ltd., a Shandong Province-based arts and crafts maker. "This effectively made up for a slump in demand from the United States."

"The success stems from vigorous efforts to improve marketing network and designs tailored to customer needs in those markets," he said.

Meanwhile, many companies are also trying to tap domestic markets where the solid demands provide an insurance of profits. Among them is the Shuangma Plastic Industry Co. Ltd., a producer of plastic household products in Taizhou, Zhejiang Province.

"Domestic consumers are increasingly opening up their wallets thanks to steady income growth," said Zhang Jianying, a sales manager of the company. "We started exploring domestic markets a few years ago, and are therefore more able to tide over the current export downturn."

"But winning the home markets would require greater efforts to enhance branding and deal with competition from counterfeit products," he said.

### Innovation matters

For many far-sighted exporters aiming to graduate from mere low-cost manufac-

turing, innovation is no longer an option, but a necessity.

"Now is the best time for companies to upgrade their technologies and improve product quality," said Huo Jianguo, President of Chinese Academy of International Trade and Economic Cooperation under the Ministry of Commerce. "Those less competitive players would be forced out of the market."

Some market-savvy firms are already riding the innovation wave, such as Tangshan Huida Ceramics Group Co. Ltd., a maker of sanitary ceramic products maker based in Hebei Province.

Like many other export firms in China, the company received a deadly blow from the financial crisis in 2008.

"We even had to suspend some assembly lines as export orders shrank by half," said Xing Jinrong, deputy general manager of the company. "The crisis became a powerful catalyst for us to transform the business model."

The company expanded its product line, making a push into furniture and kitchenware. But what set it apart from competitors was a deep-rooted commitment to R&D. In 2010, the company set up three R&D centers in Beijing, Shanghai and Tokyo, respectively, all engaged in creative product designs and innovations.

Meanwhile, the company reduced production as an original equipment manufacturer, and spared no effort to heighten its brand recognition. It established subsidiaries in Los Angeles and Dubai to build a firm overseas market foothold.

Those stiff efforts are paying off, as the company has become the country's largest

exporter of sanitary ceramic products.

### Import buoyancy

As China's economy remains a calm port amid the global financial storm, its imports are picking up momentum, benefiting a number of trade partners.

The Chinese market means plentiful opportunities for U.S. retailers as China's growing middle class becomes more capable of consumption, said Mathew Shay, President and CEO of the U.S. National Retail Federation.

"We brought made-in-China products to the U.S. market a long time ago. Now we hope U.S. retail companies can flourish in Chinese market," he said.

Shay is not alone. A total of 529 foreign enterprises including Microsoft and GE, from 49 countries and regions came to the fair's import exhibition in the hope of selling more goods to Chinese consumers.

Pierre-Dominique Oubrier, President of Carrefour Global Sourcing, said Chinese consumers have showed growing interest in imported products, as well as higher requirements for product designs and qualities.

Okitsugu Nieda, Vice President of the Japan Council for Promotion of International Trade, said he hopes China can encourage more local companies to attend the fair to help foreign companies find proper partners and distribution channels.

The 110th Canton Fair also extended a helping hand to Japanese exports by setting up booths for 22 companies from the quake-ravaged Miyagi, Fukushima and Iwate prefectures to lure Chinese customers.

As they gear up to redress the trade imbalance, Chinese policymakers have handed out generous incentives to widen imports, such as lower import tariffs and greater import credit. In 2010, the country's imports totaled \$1.4 trillion, making up 10 percent of the world's total, compared with only 4.4 percent in 2002.

"China's efforts to stimulate imports played a significant role in combating global financial crisis," said Harsha Vardhana Singh, Deputy Director General of the World Trade Organization, on sidelines of the fair.

"I believe the world will continue to benefit from China's growth and its contribution to international trade as well as to the multi-lateral trading system," he added.

"Import growth will also slow in the fourth quarter, but is likely to hold up better given the relatively more robust domestic demand," said Zheng Xinli, Vice Chairman of China Center for International Economic Exchanges.

It would better serve the economic rebalancing if China can import more advanced equipment, high technologies and resources, Zheng said. ■



EXPANDING SOUTH: Pictured is a booth for Brazilian products at the 110th Canton Fair



# Looking to the Sea for Riches

Coastal Shandong Province is exploring offshore to find new economic growth points

By WANG JUN

If left unprocessed, 10 tons of codfish skins sell for only 14,000 yuan (\$2,215). However, Shandong Oriental Ocean Sci-Tech Co. Ltd., by cooperating with Yantai Institute of Coastal Zone Research affiliated to the Chinese Academy of Sciences (CAS), can turn 14,000 yuan into 400,000 yuan (\$63,000) by using the fish skins to produce collagen proteins. This in turn can be processed into high-end health foods worth 12.5 million yuan (\$1.98 million).

Examples of Shandong Province's exploitation of its marine resources were seen at the 2011 Qingdao International Blue Economy Summit Forum held on October 28-29.

Al Bryant, Vice President of Boeing Research and Technology in China, said his company has established a research project of extracting fuels from seaweed by cooperating with the Institute of Oceanology of the CAS in Qingdao. A commercial platform that produces biofuel by using seaweed is under construction in the city.

Bryant said a Chinese aircraft using biofuel had launched the first test flight on October 28 and the biofuel industry is expected to realize scale production by 2020. At that time, 30 percent of the fuels in the Chinese aviation industry will be biofuels.

## From land to ocean

"Experiencing the previous round of economic growth, China's coastal areas face slowed growth and many eastern provinces are looking for new growth points. With most land resources already exploited, the marine economy naturally has become the only option to expand that growth for the coastal regions," said Gao Ruxi, professor at Antai College of Economics and Management of Shanghai Jiao Tong University.

Coastal areas should not compete for resources with inland areas in the central and western regions, since coastal areas themselves have abundant marine resources.

"The regional development in China should be extended to the ocean and we should make overall planning for both land and marine development," said Chang Xiuzhe,

professor at the Academy of Macroeconomic Research of the National Development and Reform Commission.

According to the Statistical Communiqué on Marine Economy of China 2010 compiled by the State Oceanic Administration (SOA), China's gross product of the marine economy totaled 3.84 trillion yuan (\$607.59 billion) in 2010, a year-on-year increase of 12.8 percent, higher than the 10.3-percent GDP growth in the country. The marine economy contributed 9.7 percent to China's 2010 GDP, much higher than the 4 percent in 2006.

China has strengthened construction of the blue economy and approved several regional development plans for that economy. On January 4, the State Council approved the Development Planning for Shandong Peninsula Blue Economic Zone as part of the national development strategy.

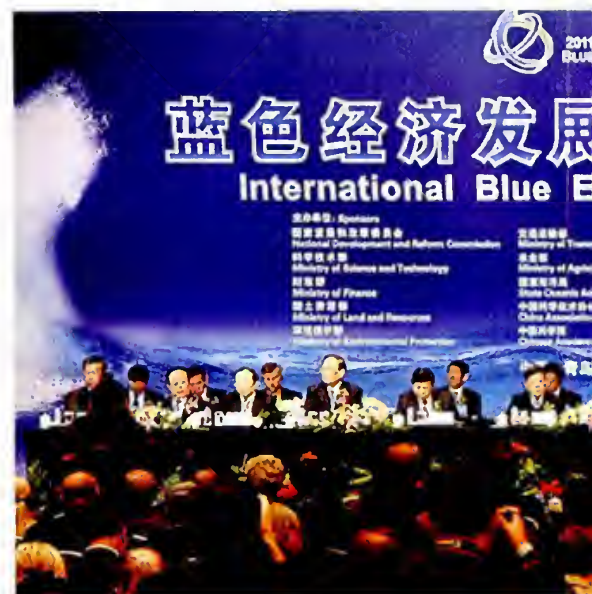
It is the country's first regional development strategy of the blue economy and the first national-level development strategy approved in the beginning year of the 12th Five-Year Plan (2011-15). According to the plan, Shandong Province will coordinate the development of its land and marine economies and strengthen emerging marine industries.

The State Council also approved the Planning for the Zhejiang Oceanic Economy Development Demonstration Area in March and the Development Planning for Guangdong Oceanic Economy Comprehensive Experimental Area in July.

## Shandong's advantages

Shandong peninsula—with a coast line of 3,345 km and more than 200 bays, 50 of which can be turned into ports that can handle 10,000 tons or more—is the biggest in China. There are more than 320 islands whose area is above 500 square meters, most of which are not yet developed.

According to the Development Planning for Shandong Peninsula Blue Economic Zone, all offshore waters of Shandong Province with an area of 159,500 square km are covered in the economic zone. It also covers 64,000 square km of land that includes six cities—Qingdao, Dongying, Yantai,



Weifang, Weihai, Rizhao—and two coastal counties in Binzhou. In 2010, this zone had a population of 33.15 million and a GDP of 1.87 trillion yuan (\$295.89 billion).

"In the first half of this year, the Shandong Peninsula Blue Economic Zone had a GDP of 1.04 trillion yuan (\$164.56 billion), up 11.7 percent compared with the same period last year," said Jiang Daming, Governor of Shandong Province, at the forum.

Compared with Zhejiang and Guangdong provinces, Shandong has marked advantages in marine science and technology. According to Jiang, the province has the strongest strength of marine scientific research in the country.

Jiang said Shandong is home to nearly 60 marine-related research and educational institutions at both national and provincial levels, accounting for more than 70 percent of the country's total, including the Ocean University of China and Institute of Oceanology of CAS. More than 60 percent of the country's senior researchers of marine science are in Shandong, including 23 academicians of the CAS and the Chinese Academy of Engineering (CAE).

The province also has world leading technologies in marine disaster monitoring







**MEETING OF BLUE MINDS:**  
The 2011 Qingdao International Blue Economy Summit Forum gathers experts to discuss issues on the blue economy

and forecasting, marine erosion protection, breeding of aquatic varieties, extraction of marine active substances, marine microalgae energy and sea cell fiber. The technologies of marine pharmacy based on biochemical engineering, enzyme engineering and cell engineering are also at the national advanced level.

"Centering on constructing a modern oceanic industrial cluster of strong international competitiveness, the Development Planning for Shandong Peninsula Blue Economic Zone has selected 14 industries to give priority, such as modern fishing industry, marine bio industry, marine energy and minerals, marine transportation and logistics and marine cultural tourism," Jiang said.

### Qingdao's role

Located in the south of Shandong Province and with South Korea just across the Yellow Sea, the city of Qingdao has a coastline of 711 km, 69 islands and 49 natu-



ral harbors. According to Li Qun, Mayor of Qingdao, the city's economic volume accounts for 30 percent of the total of the Shandong Peninsula Blue Economic Zone, and its output value of marine industries contributes 25 percent to the entire zone. More than 50 percent of the national-level ocean-related scientific research projects are carried out by Qingdao.

Liu Mingjun, Director of the Qingdao Municipal Development and Reform Commission, said the city has 28 marine research institutes, more than one third of the country's total, and 20 key laboratories at the ministerial level. It has 19 CAS and CAE academicians.

In 2010, Qingdao's marine-related industries had an output value of 168.3 billion yuan (\$26.63 billion), up 17.43 percent year on year, and the output value in marine equipment manufacturing reached 35 billion yuan (\$5.54 billion).

Liu said by 2015 the city will achieve added value of 115 billion yuan (\$18.2 billion) for its marine industries, and by 2020, the figure will be 220 billion yuan (\$34.81 billion), with an annual growth rate of 14 percent.

According to Liu, there will be some major projects in the city for construction of the Shandong Peninsula Blue Economic Zone, such as Dongjiakou port area. Figures from the Dongjiakou port area show that with a planned area of 70 square km, Dongjiakou port area, one of the four sections for Qingdao Port, is the biggest single port area of China, with a total coastal line of 35.7 km. The 112 planned berths are all deep-water berths, with an aggregate handling capacity of 370 million tons. Of the total, the three specially planned extra large ore berths and three extra large oil berths will fill a gap in the capability of berthing extra large ships in China and will help the port to be the world's most efficient one with the lowest transportation cost.

The rapidly improved infrastructure has attracted many renowned companies from home and abroad. According to figures from the port, 19 large companies have established projects in the port, including Sinopec Group, Mercuria Energy Group Ltd., China Huaneng Group, China Datang Corp. and Suez Group. Large state-owned enterprises and global Fortune 500 companies have invested in nine projects in the port. Investment of all the projects in the port area has totaled 70 billion yuan (\$11.08 billion), which can bring cargo handling capacity to more than 100 million tons. ■

**NEXT TOP PORT:**  
The Qingdao port, founded in 1892, is the world's 10th largest port in terms of annual handling capacity



## Shandong Peninsula Blue Economic Zone

**Area:** 159,500 square km of offshore waters and 64,000 square km of land

**Population (2010):** 33.15 million

**GDP (2010):** 1.87 trillion yuan (\$295.89 billion)

**Qingdao:** Planned to become the regional economic center, modern service center and cultural center of the eastern coastal area and an international shipping center for northeast Asia by 2020.

**Yantai:** Planned to be an important manufacturing base, port city, regional center for finance, trade and service and an important national tourist resort.

**Weihai:** Planned to be established as a bridgehead of the China-South Korea economic belt.

**Rizhao:** Planned to be an important marine industrial base with the position as bridgehead of the New Asia-Europe Continental Bridge and the access to the sea for cities in south Shandong Province.

**Weifang:** Planned to focus on the marine chemical industry and modern manufacturing industries.

**Dongying:** Planned to be an important industrial city of Shandong Province and an ecological-friendly city, based on its petrochemical industry.

**Binzhou:** Planned to serve as a modern industrial base and commercial center in north Shandong Province focusing on machine manufacturing, textile and printing and dyeing industries.

(Source: Development Planning for Shandong Peninsula Blue Economic Zone)



**TO THE POINT:** China's once-feverish manufacturing industry is cooling down as the purchasing managers index heads south. Commercial banks experience a surge in profits, but worries are proliferating about their shrinking deposits. Steelmakers, however, are feeling the pinch of lackluster demand and falling steel prices. The Swedish auto brand Saab is set to be acquired by two Chinese companies gearing up to expand globally. China is expected to become the world's second largest consumption market by 2020.

By HU YUE

## MARKET WATCH

### Manufacturing Gloom

The purchasing managers index (PMI), a barometer of manufacturing activities, stood at 50.4 percent in October, down 0.8 percentage points from September, said the China Federation of Logistics and Purchasing (CFLP).

The figure is approaching the boom-and-bust line of 50 percent and is also the lowest since March 2009.

The new orders sub-index, an effective gauge of domestic demand, stood at 50.5 percent in September, compared with 51.3 percent of last month. The input prices sub-index, a measure of how much factories pay for raw materials and other intermediary goods, dropped sharply to 46.2 percent, down 10.4 percentage points from September.

"The index signals a darkening prospect for the broader economy," said Zhang Liquan, a researcher with the Development Research Center of the State Council. "Export and investments are expected to taper off in the rest of the year while enterprises continue the process of destocking."

Given a stalling growth engine at home, speculation abounds that Chinese policymakers will ease the monetary stance in case of sapping growth momentum too much.

"China may be ready to further fine-tune its policies and roll out more pro-growth

measures," said Lu Ting, a Hong Kong-based economist with Bank of America Merrill Lynch. "Challenges facing the government include tight credit, falling export growth, inflation and falling home sales."

### Steelmakers' Pains

China's steelmakers reel from a gloomy market as demands turn lackluster and steel prices plummet.

The China Iron and Steel Association said 77 large steelmakers across the country generated combined profits of 7.9 billion yuan (\$1.24 billion) in September, a drop of 6.6 percent month on month. Their profit-to-sales ratio averaged at 2.53 percent, down from 3.08 percent in the first seven months of this year.

The September figure brought their profits for the first nine months to 82.34 billion yuan (\$12.97 billion), rising 27.74 percent from a year earlier.

"Many companies have been slashing steel prices to lure buyers as demand from the real estate, automobile and appliance sectors withers," said Xu Xiangchun, an analyst at Mysteel.com, a steel information service company based in Shanghai.

Liaoning Province-based Ansteel, for instance, has recently announced it will lower delivery prices for most products by 100-300 yuan (\$16-\$47) per ton.

"The industry will continue to face chilly headwinds in coming months as the export outlook worsens, though affordable house construction would generate some demands and offset the downturn," said Zhang Yongkai, an analyst with 315.com.cn, a Chinese commodities trading site.

### Rescuing Saab

Two Chinese auto firms have agreed to purchase all shares of the crisis-stricken Swedish automaker Saab, saving the 60-year-old company from bankruptcy.

Saab's parent Swedish Automobile NV said it will sell Saab to China's Pang Da Automobile Trade Co. Ltd. and Zhejiang Youngman Lotus Automobile Co. Ltd. for 100 million euros (\$142 million).

The two Chinese companies will provide sufficient financing so that a court-backed reconstruction process under creditor protection can continue, it said.

But the deal is still pending government approvals from China and Sweden.

Saab has been struggling to find cash and stay alive after it filed for bankruptcy protection in mid-September as it's short of funds to pay employees and suppliers. It had halted production earlier this year.

The majority of models made by Saab now are under licensed production from



## 3.68 trillion yuan

Profits of China's industrial enterprises with annual sales revenue of more than 20 million yuan (\$3.2 million), totaled 3.68 trillion yuan in the first nine months, up 27 percent year on year, said the National Bureau of Statistics.

## 3.96 trillion yuan

China's textile industry witnessed its output value jump 29 percent year on year to reach 3.96 trillion yuan (\$623 billion) in the first three quarters, said the Ministry of Industry and Information Technology.



**INDUSTRY MANIA:** A model airplane engine on display at the 2011 China International Industrial Fair held in Shanghai on November 1-5. More than 1,800 enterprises from home and abroad brought their latest products to the show

General Motors while Saab's old vehicle platforms and other power-train technologies were sold to China's Beijing Automotive Industry Holding Co. Ltd. in 2009.

"Even though the price seems favorable, the two companies may still face pressures to turn around loss-making Saab," said Jia Xinguang, chief analyst with China Automobile Industry Consulting Co. Ltd.

The two companies need to make full use of the Saab brand and learn from its marketing and technology prowess, said Li Yuheng, a researcher with the Shenzhen-based research firm CIconSulting.

### Spending Spree

China's consumption will double to \$4.8 trillion by 2020, making it the world's second largest consumption market, said the global management consultancy McKinsey & Co., in a recent report.

The report was based on a survey of over 15,000 consumers in 49 cities across the nation. Among the interviewees, 35 percent said they were trading up, buying more expensive goods, an increase from 26 percent in last year's survey. Meanwhile, 58 percent expected their incomes to rise next year, compared with 39 percent in 2010.

"Despite serious inflation, it's obvious that lots of Chinese people are more confi-

dent and optimistic about their future, with a better quality of life stimulated by favorable government policies," said Yuval Atsmon, a partner of McKinsey & Co. in Shanghai and co-author of the report.

In addition, the Internet has become an essential tool in consumers' daily lives. "The potential development of the e-commerce market in China is promising, as more Chinese consumers have started buying products, especially clothes and accessories, via Internet," said Atsmon.

He added that companies must have both the flexibility to adapt and the skills to innovate to keep in step with the Chinese market's development and the tastes of Chinese consumers.

### Banking Boom

China's "big four" state-owned commercial banks get into full swing, but risks still loom large.

Industrial and Commercial Bank of China, the nation's top lender by assets, reported 164 billion yuan (\$25.83 billion) in net profits for the first three quarters, up 28.3 percent from a year ago.

China Construction Bank, the second largest lender, saw its net profits climb 25.8 percent to 139 billion yuan (\$21.89 billion) in the January-to-September period.

Bank of China's profits went up 22.1 percent to reach 101.3 billion yuan (\$15.95 billion) in the first nine months.

Agricultural Bank of China generated 100.8 billion yuan (\$15.87 billion) in net profits, up 43.6 percent in the first three quarters.

"But one cause for concern is the banks' weakening ability to attract deposits due to negative interest rates in real terms," said Qiu Zhicheng, an analyst with the Shenzhen-based Guosen Securities Co. Ltd. "Tightening monetary policies also drained liquidity from the economy."

Bank of China, for example, had 7.97 trillion yuan (\$1.26 trillion) deposits at the end of September, representing a decrease of 125.6 billion yuan (\$19.78 billion) from June.

"The reduction in deposits will pinch the banks' war chest to extend loans and thus cast an ominous shadow over their growth prospects," added Qiu.

But economists believe risks of financing vehicles of local governments are subdued as the debt burden remains tolerable.

The China Banking Regulatory Commission has recently allowed local governments to delay repayment for some of their debts, reducing the possibility of a debt crisis.

In addition, the Ministry of Finance has launched a pilot program to allow four local governments to issue bonds, which is expected to provide them easier access to capital. ■





## Back to the Tang Dynasty

NE·TIGER Premieres New Hua Fu at 2012 Spring and Summer China Fashion Week

On the evening of October 25, China's leading luxury fashion brand NE·TIGER debuted its 2012 Hua Fu (Chinese national dress) collection at China Fashion Week in the Golden Hall of Beijing Hotel. With a Tang Dynasty (618-907) theme, the fashion show time traveled back to China's Tang Dynasty nearly 1,500 years ago, which stirred memories and inspired the hearts of all the 500-audience.

The Tang Dynasty was one of the greatest times in Chinese history, featuring broad multicultural, distinguished grace in dress and thriving culture, which pushed Chinese civilization to the highest peak of the world in ancient times.

NE·TIGER inherits the elegant style from Tang Dynasty, improves Chinese national dress with modern textile techniques and revives the splendid beauty that ancient Chinese achieved 1,500 years ago. The Tang Dynasty is a reflection of making Chinese national dress, a reference of knowing Chinese culture and an example to revive China.

NE·TIGER is consistently breaking the boundaries of its creation and design, and has been a leading brand of China Fashion Week for 10 consecutive years. About the theme of this show, the founder of NE·TIGER Zhang Zhifeng said, "For China the Tang Dynasty was the most prosperous period and it was the world center of ancient economy and culture, which ushered in a brilliant era of Chinese costume and dress. The basic dynamics of the success were the prosperity of the nation and culture."

"Tonight, NE·TIGER assimilates the achievements of the Tang Dynasty in designing Chinese national dress. So we have named our collection show Tang Dynasty," said Zhang.

Thirty-eight models and thirty-eight suits of Hua Fu composed a wonderful Tang Dynasty realm, surprising all the audience and purifying their minds. A Buddhist saying goes, "everyone has a pure land in his or her heart." NE·TIGER is consistently pursuing new levels by breaking fixed boundaries. "We are not only presenting the beauty of ancient dress, but also reviving the greatness of our culture. This is our realm tonight," said Zhang.





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16:00-17:00 New Height of the City

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20:00-21:00 Nightlife in Xintiandi

21:00-22:00 Shopping at Nanjing Road

19:00-24:00 The Brilliant World Expo Site



# Robots in Disguise

China's driverless intelligent automobile technology is now world class



**SMALL BUT SMART:** Miniature intelligent cars provide an eye opener for visitors to the China International Intelligent Industries Expo in Beijing on September 16

By TANG YUANKAI

**D**riverless vehicles may seem like an outlandish concept to most people, more like something from the movie *Transformers* than everyday reality. The reality in China, however, is that intelligent vehicles have now developed from a concept to a promising area of scientific research.

The intelligent automobile, also known as robotic or driverless, is an autonomous vehicle capable of fulfilling the transportation functions of a traditional car. A human

may choose a destination, but is not required to operate the vehicle.

From October 20-21, the residents of Erdos in Inner Mongolia got a glimpse of the future when a number of driverless vehicles drove through the region as part of the China Intelligent Automobile Challenge. Teams from more than 10 universities and research institutes specialized in the research and development of intelligent automobiles, such as Wuhan University and Xi'an Jiaotong University participated in the event.

Hosted by the National Natural Science Foundation Commission of China (NSFC), this is the third installment of the annual competition. The previous two challenges were held in Xi'an, Shaanxi Province.

"This competition offers a platform for us to demonstrate the latest intelligent automobile technologies, turning research fruits from laboratories into real application," said Zheng Nanning, an academician at the Chinese Academy of Engineering and President of Xi'an Jiaotong University.

The 2011 challenge marked the first time the event was held under real road conditions. The intelligent vehicles were separated into groups of two and competed in seven tests which included identifying traffic signs, avoiding barriers and making a U-turn.

Driverless vehicles have been a dream for many scientists and science fiction writers since the automobile was invented. Countries such as the United States and Germany began researching driverless technologies in the 1980s and China is now trying to catch up.

"China's technologies in the field remain underdeveloped, but with more investments and concerted research efforts, huge progress in unmanned vehicles is expected to be made by 2015 and it's very likely that China will soon catch up with the world's leaders in the field," said Zheng.

The goal was set already—by 2015, China should have the technologies for completely automatic unmanned vehicles, which can operate continuously for more than 200 km in a natural environment, and 2,000 km on the expressway.

## Defining "smart"

Dubbed "Outdoor Mobile Robots," driverless automobiles see and respond to the world like human beings. The cameras and sensors in the intelligent automobile are like its eyes while the computer is its brain. Information is collected by the "eyes" and integrated and dealt with by the "brain." By processing information on the vehicle's destination, weather conditions and the movement of other vehicles, the electronic "brain" can make quick decisions on the best route and speed.

Intelligent automobile technology integrates advanced technologies in fields such as cognitive science, computer science and artificial intelligence. Perception of the natural environment and intelligent decision making are two key technologies required for unmanned driving.

The National University of Defense Technology successfully ran its unmanned Hongqi HQ3 automobile for more than 286 km, setting a new record in the country on July 14, 2011.

"Human intervention is less than 1 per-



cent of the total, a percentage smaller than the generally defined standard of 3 percent for autonomy, making China one of the countries with world class intelligent automobile technologies," said Dai Bin, one of the scientists working on the experiment.

The experiment was sponsored by Hongqi Group, one of China's major vehicle manufacturers, and the vehicle achieved an average speed of 87 km per hour. "We set a maximum speed of 110 km per hour, but everything else was automatic," said Dai. "It stepped on the gas, put on the brakes, made turns and changed paths automatically."

The vehicle overtook other cars on the road 67 times during the experiment. But it was safe because it was programed to step on the brakes the moment it is too close to another vehicle. "Generally the reaction time for machines can reach 40 milliseconds, much shorter than the time human beings need for quickest reaction—about 500 milliseconds," said Dai.

### Birth of Hongqi HQ3

The vehicle, Hongqi HQ3, made a sensation in its 2007 debut, because China developed the entire system for it.

"China won't have a say in the field if we can't develop our own unmanned automobiles," said He Hangen, professor at the National University of Defense Technology and another member of the Hongqi HQ3 research team.

At an international seminar on unmanned driving He attended in 1996, Japanese experts turned down the request of Chinese researchers to join in a proposed multinational research project because China hadn't yet developed its own unmanned vehicles. From then on, He and Dai have led the team to make a series of breakthroughs in key technologies and built from scratch China's first unmanned automobile in 2001.

Some overseas experts at that time agreed that 70 km per hour was the speed cap for unmanned automobiles because of a 200-millisecond delay in reaction of the unmanned control system, but China's first driverless car could drive at a speed of 76 km per hour. He and his team solved the problem by integrating intelligent control solutions into an advanced cognitive analysis system, which made the "brain" of their vehicle capable of multi-task processing.

In 2003, the team set a world record when their vehicle reached a speed of 170 km per hour.

Now, while competing with international peers, Chinese experts on driverless technologies are sticking to a different way. Unlike foreign unmanned vehicles which rely on GPS information and digital mapping, China's Hongqi HQ3 uses an environment sensing system and an intelligent decision



**ONE OF A KIND:** The Hongqi brand driverless car demonstrates China's latest unmanned driving technologies at the China National Convention Center from September 6 to 10

making and control system.

With breakthroughs in intelligent automobile technologies, vehicle manufacturers, software providers and telecom operators have all invested in a future when intelligent vehicles become affordable.

Currently, intelligent driving technologies are used to make driving a simpler task, enhance the safety of automobiles and reduce car accidents.

IT applications in vehicles, for instance, are bringing huge changes to the traditional automobile industry. A new model equipped with a "smart" navigation system, which is powered by WCDMA mobile network, is rolling off the assembly line of Shanghai Automotive Industry Corporation Group. And private automaker BYD has already introduced the S6 model featuring some intelligent functions, such as a digital security system, a voice electronic navigation system and a car reserving camera installed on the rear.

### Red light still on

Scientists have to overcome a number of obstacles before anyone drives home a real intelligent car. Limited cognition capacity of the current generation computers could be the biggest one.

"Although intelligent vehicles are already powerful in collecting information, how to process a sea of information to make the right decisions is a hard nut to crack," said Zhang Zhaotian, Deputy Director of the

Department of Information Sciences under the NSFC. "Computers can process numbers well, but will be outperformed by kindergarten kids when the task is about cognition."

Zhang gave the example of difficulties in distinguishing shadows from actual obstacles with cameras. "It could take too much time even if a right decision is finally made," he said.

Inconsistent and unstable performance of unmanned vehicles also accounts for a lack of confidence in such technologies from both manufacturers and customers. "Driverless technologies have to be improved to help intelligent vehicles adapt to complicated environments," said He Kezhong, professor in the Department of Computer Science and Technology at Tsinghua University.

Reliability and safety are big issues for unmanned vehicles. But the camera in the sensing system, for example, can only work between 0 and 50 degree Celsius, hardly reliable in all circumstances. "New technologies and materials are badly needed in the field. Until these problems are solved, automobile companies and customers won't accept intelligent vehicles," He Kezhong said.

A lack of communication and cooperation between research institutes and automobile companies is another problem. "It is impossible to work out standards for driverless technologies without participation of major auto companies," said He. "But such technologies are crucial to the future competence of auto companies once they reach full maturity." ■



# 798 Transforms Modern Art Scene

Booming zone in Beijing is morphing from an Eden of creation into a high-end art market

By YU LINTAO

In 10 years, an abandoned factory complex has developed into one of Beijing's cultural landmarks, the 798 Art Zone. Gone are the days when the area, without streetlights or public services such as taxis and toilets, provided a haven for many poor artists to paint their dreams. Some had their dreams come true while others did not, but one thing is now certain: the area has made a name for itself as China's contemporary art frontier, thanks to the perseverance of its original habitants in art creation.

As a growing number of art studios and galleries opened there, the zone operator drew a different blueprint for it: a state-of-the-art exhibition and trade center for paintings, sculptures and other artistic and creative works.

The Fifth 798 Art Festival, which was held from September 24 to October 16, offered some clues to this new orientation. The festival has exhibited a number of paintings, sculptures, installations and photographs of world-renowned contemporary artists from China, the United States, Japan and South Korea.

During the 22-day event, 20 galleries located in the zone held theme exhibitions, and 84 art institutions staged 108 exhibitions.

The event, participated by artists from 25 countries, has attracted 750,000 visitors of whom 40 percent are foreigners, said statistics from the organizing committee.

Such a change, from an artists' haven to a prosperous art business center, was inevitable for 798 and its overseas counterparts such as New York's SoHo District, said Robert Bernell, an American art publisher who opened Time Zone 8 Book Club in the area in 2002.

"One thing is certain: The change has begun and big art agencies and famous brands will eventually replace individual artists here," said Bernell.

## Rise to fame

The art zone is attractive for foreigners because it's a symbol of modern China and its active creation of contemporary art, while the Great Wall and Forbidden City represent China's past, said Bernell.

The art zone was born in 2000, when the landlord Seven Star Huadian Science and Technology Group relocated its money-losing subsidiary in the area elsewhere. With red-brick walls, gigantic Bauhaus-style workshops and Mao-era slogans, the deserted 798 factory complex in Chaoyang District attracted artists seeking an art Eden.

"I was impressed by dynamic art creation here when I first came to 798. Its spacious workshops and cheap rents are also very attractive," said Bernell.

By word-of-mouth, more artists and many of Bernell's friends opened or relocated their studios to the 798.

In 2003, the 798 Art Zone was named by *Time* magazine as one of the 22 cultural landmarks in the world. After successfully boycotting an attempt to rebuild the old factory into a hi-tech electronics zone in 2005, the artists witnessed the establishment of a "creative district and cultural park" in 798 in 2006.

A different roadmap has unfolded since then.

## New orientation

Abstract contemporary sculptures stand beside big rusty machinery; fashion shows and art exhibitions are given in spacious workshops. Later operation has turned a former quiet place for art creation into a high-traffic art hub for not only artists but also art merchants, visitors and tourists.

"The art creation boom in the 798 area before 2006 was just a kind of spontaneous cultural phenomenon," said Liu Gang, Vice General Manager of Beijing 798 Creative Industry Investment Co. Ltd. Beijing Seven Star established its investment arm in 2007 to build the zone into an exhibition and trade platform for art works.

In 2006, the zone operator set up a management office and lifted the threshold for tenants. Since then a number of heavy-weight art institutions such as Pace Beijing, the Iberia Center for Contemporary Art, Galleria Continua and the Ullens Center for Contemporary Art have moved into the zone.

"The 798 Art Zone is now primarily a place where artists hold exhibitions, giving more than 2,000 exhibitions, performances and other art and cultural activities every year," said Zhang Guohua, head of the 798 Art Zone Development and Administration Office.

The new orientation has also caused much controversy. With increases in rents and tourist numbers, some artists have moved out of the art zone because they thought it was no longer suitable for their creation.



CREATIVE: Art lovers visit an exhibition on September 24 during the Fifth 798 Art Festival in Beijing



# Debating Taoism

Scholars resort to "the Way" to strike a balance between man and nature

By BAI SHI

**A** forum on how to integrate Taoist philosophy with social reality, and how to build a harmonious world for humanity, was held at the Hengshan Mountain, a scenic site renowned for Taoist culture in central China, from October 23-25.

The International Taoism Forum on the outskirts of Hengyang in Hunan Province attracted 500 scholars and religious figures from China and other 19 countries. It was co-sponsored by the China Taoist Association (CTA) and China Religious Culture Communication Association.

During the event, a number of Western Taoists in Chinese traditional Taoism robes appeared at meetings and forums. What is the fascination that attracts these foreigners to make long journeys to attend a Taoism forum?

As an indigenous Chinese religion, Taoism is not as popular as Buddhism internationally. But its philosophy, particularly the wisdom of maintaining balance between humanity and nature, are highly valued and advocated by a growing number of people in both the East and West today.

The origin of Taoist doctrines can be traced to ancient philosopher Laozi (571-471 B.C.), whose famous work *Tao Te Ching* is widely regarded as the Taoism classic. *Tao Te Ching* explains the deep and broad thoughts of Taoism in only 5,000 words, such as "the Way" (Tao), peace, and harmony between humanity and the cosmos.

With the help of interesting stories, it's easy to understand the profound meanings of Taoism, said Martin Palmer, a British sinologist and Secretary General of the Alliance of Religions and Conservation at a dialogue on "the way of nature and harmony" with Chinese linguist Xu Jialu at the forum.

There are a lot of legends and myths about Taoism. "I usually cannot help laughing when identifying people's quick wit and wisdom in reading humorous stories in the *Tao Te Ching* and *I Ching*," said Palmer.

Palmer became fascinated by the philosophy when he cooperated with CTA on environmental protection in 1995.

"Taoists are good at collecting stories from their lives to inspire people. They promote the old religion among people by metaphors, which is a clever method," Xu said.

Taoists regard the Tao, and virtue as the general principles of their beliefs and behavior, which is also a constant topic for cultural scholars.

"There are no clear explanations for Tao because Laozi wrote 'the way can be talked about but not specified' in the first sentence of his book *Tao Te Ching*," said Xu. "The deep thoughts of 'the Way' can only be understood by one's heart. If one must define 'the Way,' it should be regarded as the law governing the world and humanity."

"The Way' is an appropriate translation for Tao in English, but some subtle connotations of Tao are lost in translation, due to cultural differences in communication between the two languages," Xu said.

Taoism had made it clear mankind must respect nature and follow the law of nature 2,000 years ago, which explains why Taoism beliefs and thoughts are still popular today.

"It urges us to reflect on our unlimited desires, the biggest problem the society and humanity face," said Xu.

Palmer said he was inspired by Taoist wisdom, such as the belief in man being an integral part of nature. For hundreds of years, the West has been arguing whether the human is endowed with rights to exploit the Earth without paying anything back.

"It can make up for the defects in Western philosophy. Scholars and Taoists should make advantages of ancient wisdom and find solutions for current problems in the world," said Xu. ■



**ORIGINALITY:** A sculptured creation is displayed at the 798 Art Zone during its fifth festival on October 6

"Artists who closed their studios here still give exhibitions, hang out and talk over a couple of coffee with friends in 798," said Bernell. "They always draw inspiration for creation from the gatherings they have here."

He compared 798 with other art districts developed from deserted factories worldwide. "While many art zones eventually developed into commercial areas, the 798 found itself a different way," he said.

Even those who moved out can still settle down in artistic areas nearby, such as Caochangdi and Huantie neighborhoods which, together with the 798, will form an art cluster, Liu said.

"In fact, the transformation of 798 is benefiting these art districts too, by providing artists opportunities to enter world eminent galleries, of which there are many in the 798 now," he said.

As a frontier of contemporary art in China, 798 is of experimental significance. That is why "the zone operator should pay more attention to the protection and fostering of domestic art institutions and Chinese contemporary art, and at the same time be more open and inclusive to artists," said Li Xiangqun, professor of Tsinghua Academy of Arts and Design, who has a studio in the zone.

By the end of 2010, about 455 studios, galleries, shops and restaurants had been established in the area, increasing from several dozens in early 2002. "The art zone also attracted more than 50 overseas art agencies," said Liu. ■



**OVERSEAS ADHERENTS:** Foreign Taoists attend the International Taoism Forum at the Hengshan Mountain on October 24



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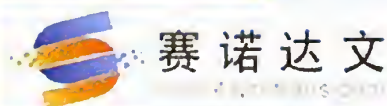


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# Should Virtue Be a Standard for Recruiting Civil Servants?

The 2012 Nationwide Civil Servants' Recruitment Exam will put more emphasis on evaluating the virtue of the exam-takers, says the State Administration of Civil Service.

For future recruitment of new civil servants, virtue is even more important than their competence. If an exam-taker has insufficient social responsibility or inadequate sense to serve the public, one should never be admitted as civil servant even if he or she scores high in the examination.

As soon as the news was released, a heated debate started. Some people thought the new regulation was reasonable while others thought it will cause more problems than it will solve.

Supporters say they think virtue as a standard for recruiting civil servants is a good idea. It aims at stopping the decline in morality of civil servants. On the other hand, opponents say it will

easily cause inequality or under-the-table deals in the exams, because moral principles, such as one's virtue, are hard to measure or test.

## Necessary

**Fei Xiang** (<http://cpc.people.com.cn>): No matter if one is a decent human being or a civil servant, one should be virtuous, and anything else doesn't matter. Generally speaking, if a government official violates principles, the reason is often problems with their morality rather than his caliber at work. Therefore, when recruiting civil servants, virtue should be the first and foremost standard because a good civil servant, especially a government official or a leader, should be examples of virtue for society. It's quite necessary to evaluate exam-takers' virtue when recruiting future civil servants, which will make sure the group is virtuous from the beginning.

**Li Shuang** (<http://comment.scol.com.cn>): We should continue testing and evaluating exam-takers' virtue when recruiting civil servants. I think it's right to enlarge the proportion of virtue when recruiting civil servants for government departments, because we need morally noble civil servants who can serve people in the country in a better way. As long as a good and constant standard can be set for evaluating virtue in a scientific way, the new regulation should be praised.

Also, it's equally important to supervise long-term civil servants' virtue to build a clean, efficient and dedicated group that makes a worthwhile contribution to society.

## Unrealistic

**Zhu Shaohua** (*Yangcheng Evening News*): The new regulation says that the government shouldn't admit people who have little social responsibility and little





awareness of serving the people. The regulation is very strict but doesn't have a measurable standard. For example, college graduates have similar experiences. How can the government determine who is superior.

This new regulation will also cause breaches of ethics, because it may make it easier for government departments to recruit people who have done under-the-table deals with them.

**Ma Zhiyuan** (<http://www.xinhuanet.com>): We all know exam-takers have to go through fierce competition before being admitted as a civil servant. Sometimes more than 1,000 people compete for a single job vacancy, and a minor change in the rules can alter the final results and the destiny of the candidates.

The public worries that no specific and unified standards are set to measure the abstract moral character of people. For instance, if one contestant is enthusiastically dedicated to social welfare and always helps the poor and needy, while another works in a village and does his or her best to serve the people, how can we determine which one has better virtue?

For now, it's not realistic to take virtue as a standard to recruit civil servants and

the more practical way is to include it in the one-year probation period for new civil servants.

Also, virtue can change with the change of environment. If we only focus on the exam-takers' virtue when recruiting but ignore it after they are admitted to government departments, their virtue may deteriorate or even become corrupt without a strict supervision system.

**Li Jiming** (<http://news.hexun.com>): Evidence shows the reason for corruption is the imperfect system, flawed management and slack supervision. So, if the atmosphere in China's government departments is not good, even people of the best virtue will become corrupt eventually. No one is born as a corrupt government of-

If testing people's virtue is not part of the interview, it raises many problems. First, besides another procedure for testing, except for exams and interviews, how can we make sure this element is fair and just? Second, what proportion should the evaluation of virtue account for in the final decision? If it enables the power of veto, it would probably be used in under-the-table dealing. The State Administration of Civil Service should inform all of the rules of recruitment.

The problem is not in evaluating exam-takers' virtue when recruiting civil servants but in the supervision of their power after they become civil servants. If their power is restrained and is in the spotlight, no civil servants would dare to violate principles. On the contrary, if

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ficial and the problem lies in society. Also, environment plays the key role in regulating people's behavior and cultivating virtue.

Therefore, instead of over-emphasizing the importance of evaluating exam-takers' virtue when recruiting civil servants, we should pay more attention to establishing a better environment and cultivating a better atmosphere to improve civil servants' virtue.

**Xiong Bingqi** (*Nandu Daily*): Taking virtue as a standard for civil servants' recruitment is said to be a way to improve moral levels. But, if not well considered, this new regulation could cause serious corruption for recruitment and won't improve the overall quality of civil servants.

If virtue is taken into consideration in the interview, there must be specific standards for evaluating it, and it should be specifically regulated what proportion it should make up in the total score. Otherwise, people won't be able to supervise the whole process to make sure of justice and fairness.

their power is not properly supervised and restrained, even people of superior virtue may get corrupt.

**Deng Qingbo** (*Guangzhou Daily*): It's not proper to evaluate virtue when recruiting civil servants.

The corruption of civil servants lies in flaws of management, such as over-staffing, insufficient supervision and the fact that few staff are dismissed for misbehavior.

Statistics show that since the dismissal system for civil servants was established in 1996, only 19,374 civil servants were fired up to 2003, 0.05 percent of the total number in the country, far less than the dismissal rate in companies, which is 5 percent to 15 percent. Even if civil servants with very serious problems, such as incapacity for work or moral problems, are found, they can't be fired in time. Only when unqualified civil servants can be fired in time will there be improvement. If the atmosphere is improved, governmental departments would be a better place for people to have better motivation and better moral character. ■





# Finding Kung Fu

By JONATHAN POSTON

I travelled to Dalian, a coastal city in northeast China's Liaoning Province, on a quest for cultural exchange in 2008. Along the way, I thought I might as well give martial arts a try. Traditional Kung Fu should have been easy to find, right? No. With every word in Chinese, I found myself at the mercy of translators, and fate. With a quick phone call to a school a half-mile walk from my apartment, a Chinese tutor saved me hours of walking around and peering into Chinese shop windows.

My tutor agreed to take me to the gym where I was to meet the man who would teach me. The gym was in the basement of a shopping mall—I would have never found this place alone. When my instructor appeared he spoke only to my tutor. Much was lost in translation. I became more disoriented as the discussion unfolded, so by the end of our meeting the only thing I knew was training would be \$3 a session and meetings would be at 1 p.m. on the days I wanted to train. I didn't even learn my new instructor's name.

At my first class, I stood waiting until my instructor gestured toward the padded area, and modeled the "horse stance." Stiff and out of shape, my knees told me they didn't like riding horses, so through the dozens of stances we did that day, I watched the clock, waiting for the hour's ride to end. But my instructor was focused

on teaching, not the clock, and he had a lot to teach me. Two hours later, I hobbled out the door.

The next session my legs were so sore, I could barely move. Before practice, I had called my tutor to learn the Chinese words for "sore legs." I pointed at my knees, repeated the words I thought would guarantee me a break. He just smiled and proceeded as if I had said nothing. More horse stance. When my legs weren't bent enough, a lightning fast kick would force me into the right position, or more often, to topple over.

Days later, when I had stayed after practice for language exchange, I finally learned my instructor's name—Zhang Pengbo—but didn't get me out of any work. For weeks, he had me practice Shaolin Seven Star Fist, choreographed routines with dozens of bends, kicks, punches, and jumps done in order. Since I was doing each string of moves alone, I felt like I was learning an aggressive form of ballet rather than a fighting style. After doing each set of moves an innumerable amount of times, I finally found a good rhythm and enough strength to finish my moves without nearly fainting.

One day I came in for practice and found the air so thick with industrial cleaner or glue I could barely breathe. I waved around, clasped my throat, and made a choking noise, said in very broken Chinese, "Zhang, I have to go outside."

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He followed me out and I asked if he would practice on a mountain path I had found behind my apartment. He seemed interested, so we hiked to an old training area in the forest. There were makeshift pull-up bars, kick and punch pads, and a stretching area. This began to feel authentic. For months I trained to perfect the most basic of moves with a quiet patience I didn't think I had.

On a whim, I decided last minute to visit the Shaolin Temple to cap off my experience before returning to the United States. At Shaolin, monks answer cell-phones and man souvenir booths. The whole place was undergoing a massive construction effort. Tractors and trucks roared around the compound. Nearby age-old pagodas donned concrete patchwork and etchings of modern jumbo jets. I couldn't bear the sight, and left early the next morning.

I told Master Zhang about the encroachment on this legendary place. I had always thought Shaolin would be a hand-hewn stone-wood edifice set against pristine mountains, waving bamboo, and the silence of centuries of devoted meditation. He gave a knowing nod, saying real Kung Fu is learned outside Shaolin. I knew I had been hasty, and should have known that Shaolin was a tourist destination, not where Kung Fu masters actually learn the ancient art.

Nothing came easy in China. Things were never as I thought them to be. But through the challenge came understanding, although much later than I expected. Back in the States, I still practice the Kung Fu I was taught—but more than anything I think back on my friendship with Master Zhang, and realize that is what Kung Fu is about. ■

The author is an American formerly living in China







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